



Lippo Limited 力寶有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 226)



2012/2013
Annual Report

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Corporate Information

HONORARY CHAIRMAN*

Dr. Mochtar Riady

BOARD OF DIRECTORS

Executive Directors

Mr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee, BBS, JP
(*Managing Director and
Chief Executive Officer*)

Mr. Jark Pui Lee, SBS, OBE, JP

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung

COMMITTEES

Audit Committee

Mr. Victor Ha Kuk Yung (*Chairman*)

Mr. Leon Nim Leung Chan

Mr. Edwin Neo

Mr. King Fai Tsui

Remuneration Committee

Mr. King Fai Tsui (*Chairman*)

Mr. Leon Nim Leung Chan

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. Stephen Riady

Nomination Committee

Mr. King Fai Tsui (*Chairman*)

Mr. Leon Nim Leung Chan

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. Stephen Riady

SECRETARY

Mr. Davy Kwok Fai Lee

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Standard Chartered Bank

China CITIC Bank International Limited

Fubon Bank (Hong Kong) Limited

Chong Hing Bank Limited

Bank of Beijing Co., Ltd.

The Bank of East Asia, Limited

SOLICITORS

Howse Williams Bowers

REGISTRAR

Tricor Progressive Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

REGISTERED OFFICE

24th Floor, Tower One

Lippo Centre

89 Queensway

Hong Kong

STOCK CODE

226

WEBSITE

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* non-officer position

Chairman's Statement

I would like to present the annual report of the Company for the fifteen months ended 31st March, 2013.

BUSINESS REVIEW

The global economy continued to be held back by the eurozone sovereign debt crisis in 2012. Since late 2012, global market sentiments have improved with eurozone sovereign debt crisis being stabilised and the financial cliff in the U.S. being partially resolved. Supported by healthy domestic demand and rising intra-regional trade, the major economies in the Asia region including mainland China were able to maintain their growth momentum but the pace of economic growth has slowed down.

The Group's operations and investments are substantially within the Asia region. Despite the Asia region maintaining a growth in GDP, the Group's performance has been affected by the weak property sector in certain key markets. During the year ended 31st December, 2011, the Group's share of results of associates was approximately HK\$1,126 million (restated) which was mainly attributable to the fair value gain of a property held by an associate which was completed in that year and the share of profit recognized from the sale of properties by another associate. However, during the period for the fifteen months ended 31st March, 2013 (the "Period"), neither the Group nor its associates had any fair value gain arisen from completion of their property projects, and less profit was recognized from the sale of properties and high finance costs were incurred by the associates. Against this backdrop, the Group recorded a consolidated loss attributable to shareholders of approximately HK\$10 million for the Period, as compared to a consolidated profit of HK\$698 million (restated) for the year ended 31st December, 2011. Due to the same reasons, Hongkong Chinese Limited ("HKC", together with its subsidiaries, the "HKC Group"), a 56.1 per cent. listed subsidiary of the Company, recorded a consolidated loss attributable to shareholders of approximately HK\$209 million for the Period, as compared to a consolidated profit of HK\$1,022 million (restated) for the year ended 31st December, 2011. On the other hand, Lippo China Resources Limited ("LCR", together with its subsidiaries, the "LCR Group"), a 71.2 per cent. listed subsidiary of the Company, recorded a consolidated profit attributable to shareholders of approximately HK\$293 million for the Period, as compared with a consolidated profit of HK\$317 million (restated) for the year ended 31st December, 2011. The profit was mainly attributable to the fair value gains of the LCR Group's investment properties.

The Group's investment properties enjoyed a high occupancy rate during the Period. Rental income from the investment properties continued to provide the Group with stable recurrent income. During the Period, the LCR Group disposed of a number of residential units in Hong Kong for a total consideration of approximately HK\$622 million. Such disposals reflected the LCR Group's seizing opportunities to realise its property portfolio at good market prices. The proceeds were applied towards other capital and development projects of the LCR Group.

The LCR Group has two major development projects in Jiangsu Province, mainland China. The project situated in Huai An City (the "Huai An Project") will be developed into an integrated residential, commercial and retail complex with a total permissible gross floor area (above ground) of approximately 185,000 square metres on a site of approximately 41,000 square metres. The Huai An Project is well-located in the central business district of Qing He District which itself is the political, commercial, business, financial and cultural centre of Huai An City. Another project is located in China Medical City (中國醫藥城) ("CMC"), Taizhou City (the "Taizhou Project") with a site of approximately 80,615 square metres and a total permissible gross floor area (above ground) of approximately 161,230 square metres. The Taizhou Project is a residential development comprising townhouses and residential apartments. CMC is the only national level development zone focused on high-tech medical related industries in mainland China. It is anticipated that foundation works for the Huai An Project and the Taizhou Project will commence later this year. The above two projects support the LCR Group's strategic growth in property development business.

BUSINESS REVIEW *(continued)*

The property development in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) (the "BDA Project"), in which the HKC Group has 80 per cent. interest, is expected to be completed in 2013. The BDA Project, with a total site area of approximately 51,209 square metres, is being developed into an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. As at 31st March, 2013, about 82 per cent. of the total saleable area of this project has been pre-sold.

Superstructure works for the residential development "M Residences" at 83 Estrada de Cacilhas, Macau, in which the HKC Group has 100 per cent. interest, are expected to commence in the second half of 2013. "M Residences", with a site of approximately 3,398 square metres, is being developed into 311 residential units with a total saleable area of approximately 26,025 square metres. The above development is scheduled to be completed in 2014. As at 31st March, 2013, about 92 per cent. of the total saleable area of the residential units has been pre-sold.

"Marina Collection", in which the HKC Group has 50 per cent. interest, is located at Sentosa Cove in Sentosa Island, Singapore. It has 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres. As at 31st March, 2013, 80 units have been sold, of which 36 units were sold in the Period.

Construction works for "Centennia Suites" at 100 Kim Seng Road, Singapore, a residential development with a saleable area of approximately 16,182 square metres, are expected to be completed later this year. All the 97 residential units have been pre-sold, and the HKC Group has a 50 per cent. interest in this project.

In December 2012, the HKC Group completed the disposal of a property located at 259 Ocean Drive, Sentosa Cove in Sentosa Island, Singapore for a consideration of S\$22 million.

During the Period, as part of an internal group restructuring, Lippo ASM Asia Property Limited ("LAAPL"), a joint venture, was set up by Lippo ASM Asia Property LP to hold the controlling stake in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investment and development and hotel operation. The HKC Group's economic interest in OUE remains unchanged after the above group restructuring. As at 31st March, 2013, LAAPL had an aggregate interest of approximately 68.02 per cent. in OUE (excluding treasury shares).

OUE has interest in prime office buildings in the Central Business District in Singapore like One Raffles Place, OUE Bayfront and 6 Shenton Way Towers One and Two as well as hotels in the Asia region, including Mandarin Orchard Singapore ("Mandarin Orchard") and Crowne Plaza Changi Airport in Singapore. OUE also holds the entire interest in Mandarin Gallery at Mandarin Orchard ("Mandarin Gallery"), a premier luxury retail mall with retail space of around 11,639 square metres. These well diversified and high quality properties provide OUE with substantial and stable recurrent income. To further strengthen OUE's commercial property portfolio, in June 2013, a subsidiary of OUE completed the acquisition of U.S. Bank Tower, a Class A office property located in Los Angeles and the tallest iconic building in California, U.S., and the related properties. In order to enable OUE to unlock the value of some of the properties at fair value, OUE proposed to dispose of its interest in Mandarin Orchard and Mandarin Gallery to a proposed real estate investment trust to be known as OUE Hospitality Real Estate Investment Trust at a minimum consideration of S\$1,705 million (the "Disposal"). OUE will maintain the ability to operate Mandarin Orchard and manage Mandarin Gallery. The consideration for the Disposal will be paid in combination of cash and stapled securities in OUE Hospitality Trust (the "OUE H-REIT"). The Disposal was approved by the shareholders of OUE in June 2013. However, the completion of the Disposal is subject to the listing and commencement of trading of the stapled securities in the OUE H-REIT on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

BUSINESS REVIEW *(continued)*

Infrastructure construction works for the development at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the "MIDAN City Project"), in which the Group has approximately 38.5 per cent. interest, have been completed and marketing of the project is in progress. The MIDAN City Project involves the development, construction and management of a residential, leisure and business complex with an approved total gross floor area of approximately three million square metres. The project is located in Incheon Free Economic Zone and will be completed in phases. It is intended to be a self-contained community with residential properties, shopping malls, hospital, schools, hotels and a business town.

In January 2013, the Group together with other joint venture partners (the "Consortium"), including Caesars Entertainment Corporation ("Caesars"), a company listed on the NASDAQ Stock Market, entered into various agreements which established the terms on which the parties agreed to seek preliminary governmental approval (the "Preliminary Review Application") that would allow the parties to design, develop, construct and own an integrated resort located in Incheon, Korea which will include, inter alia, hotels and service apartments (the "IR Project"). The joint venture entity is intended to be owned by the Group as to 20 per cent. and by Caesars as to 40 per cent. In the event the series of transactions related to the IR Project are concluded, it is intended that Caesars or its affiliate(s) would construct and operate an integrated hotel-casino. The Group will not participate or engage in any gaming business in the IR Project. In June 2013, the Group was notified that the Preliminary Review Application submitted by the Consortium was declined by the Ministry of Culture, Sports and Tourism of the Republic of Korea. Under the relevant laws, the Consortium has a 90-day period to file an appeal against the said decision. The Consortium is discussing with its advisers as to the appropriate course of action to take in respect of the said decision. There is no certainty as to whether the above appeal will be made or the IR Project will be proceeded.

Asia Now Resources Corp. ("Asia Now"), in which the LCR Group is interested in approximately 49.9 per cent. of its issued share capital, has focused its efforts in exploration of the site at Qinhe district in Beiya, Yunnan Province, mainland China (the "Beiya Project"). An independent technical report prepared in accordance with the National Instrument 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Standard Definitions for Mineral Projects on the initial mineral resource estimate for the deposit in Beiya Project was obtained in January 2012. In the second half of 2012, Asia Now retained an independent contractor (the "Contractor") for a strategic review of the Beiya Project. In early 2013, the Contractor referenced that, due to the geology of the deposits and ground conditions of the site, the expenditure required for development might be higher and concluded that further detailed work would be required to clarify the project's viability. After years of studies, surveys and drillings by Asia Now, no significant mineralisation has been identified in certain concessions. As a result, Asia Now decided to abandon such areas, totalling approximately 66 square kilometres. This will allow Asia Now to focus on the remaining concessions, totalling approximately 102 square kilometres, with a total area of approximately 60 square kilometres for two concessions in Habo, Yunnan Province and a total area of approximately 42 square kilometres for the concession in Beiya, Yunnan Province. Asia Now is listed on the TSX Venture Exchange of Canada, and is primarily engaged in the business of exploration of mineral deposits in mainland China.

BUSINESS REVIEW *(continued)*

In March 2012, the LCR Group entered into a subscription agreement with Haranga Resources Limited ("Haranga") for the subscription of 15,000,000 new ordinary shares in Haranga at an aggregate subscription price of A\$6 million. Together with additional shares acquired by the LCR Group from the market, the LCR Group is now interested in a total of 32,470,000 shares in, representing approximately 13.43 per cent. of, the existing issued share capital of Haranga. Haranga had reported that its drilling programmes have identified a significant increase in JORC Code (Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) compliant resource in its Selenge iron ore project in Mongolia. Haranga expects that further drilling can expand the resource base in the above project, and is currently in the process of applying for a mining licence. Haranga is listed on the Australian Securities Exchange and is primarily engaged in the acquisition, exploration and development of iron ore projects in Mongolia, and owns a controlling interest in four separate iron ore projects in Mongolia.

During the Period, the LCR Group further increased its interest in Skye Mineral Partners, LLC ("Skye") for a total consideration of US\$11,220,000. As a result, the LCR Group has an effective interest of 8,649 Class A units in Skye, representing approximately 17.3 per cent. of the total issued and outstanding Class A units in Skye and approximately 16.5 per cent. of the total issued and outstanding units in Skye. Through CS Mining, LLC ("CS Mining"), its majority owned subsidiary, Skye owns and controls a number of copper ore deposits located in the Milford Mineral Belt in Beaver County, State of Utah in the U.S., and is engaged in the business of mining and processing primarily copper, with additional recoveries of silver, gold and iron ore. CS Mining obtained all its required operating permits for mining and flotation processing and has started commercial operation. In order to maximise the recovery of its copper resource, CS Mining plans to set up a leaching facility.

Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group"), a listed company in Singapore in which the LCR Group is interested in approximately 49.3 per cent. of its issued share capital, recorded a consolidated profit attributable to shareholders of approximately S\$16,300,000 for the Period, as compared with a profit of S\$8,566,000 (restated) for the year ended 31st December, 2011. Potential labour shortages and rising costs of labour, rental and raw materials will continue to be challenges to the F&B industry. The APG Group plans to strengthen its existing businesses by improving operational efficiencies and leveraging its marketing capabilities to enhance its brands.

Food Junction Holdings Limited ("Food Junction"), a listed company in Singapore, in which the APG Group is interested in approximately 61.4 per cent. of its issued share capital (excluding treasury shares), recorded a consolidated loss attributable to shareholders of approximately S\$7,457,000 for the Period, as compared with a profit of S\$828,000 for the year ended 31st December, 2011. Food Junction is a regional food service company which operates and manages food courts and restaurants in Singapore, Malaysia, Indonesia, Hong Kong and mainland China. Although it expects business conditions to remain challenging in the markets in which it operates, Food Junction continues to remain committed to its core food court operations and will focus upon streamlining and rationalizing its food and beverage operations whilst controlling overall operating costs.

In June 2013, Auric announced that its wholly-owned subsidiary will make a voluntary unconditional cash offer to acquire all the issued and paid up ordinary shares in the capital of Food Junction, other than treasury shares and those already owned, controlled or agreed to be acquired by Auric and its subsidiaries, at an offer price of S\$0.255 in cash for each share (the "Offer"). Auric is of the view that the Offer represents an opportunity for Auric to acquire an increased stake in Food Junction as part of its strategic investments. Auric believes that there are synergistic benefits to be obtained by increasing its stake in Food Junction, whose current portfolio of food courts and restaurants will complement Auric's existing portfolio, and the increase in the sharing of resources relating to marketing and operations between both Auric and Food Junction will contribute to the growth of both companies.

BUSINESS REVIEW *(continued)*

In August 2012, Lippo Investments Management Limited ("LIM"), a wholly-owned subsidiary of the Company, successfully launched the Lippo Select HK & Mainland Property Index. Such index adopts fundamental indexing with a free-float adjusted market capitalisation-weighted methodology and comprises property related securities listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including property stocks and real estate investment trusts from Hong Kong and the mainland China region. In September 2012, Lippo Select HK & Mainland Property ETF (the "ETF") (stock code: 2824), an exchange traded fund managed by LIM, was successfully launched and listed on the Stock Exchange. The LCR Group acquired units in the ETF in September 2012 for a total consideration of approximately HK\$78 million.

In February 2013, the LCR Group entered into a conditional subscription agreement in relation to the subscription of 184,653,669 new shares in GSH Corporation Limited ("GSH") for an aggregate subscription price of approximately S\$17.5 million under a private placement. GSH is listed on the Main Board of the SGX-ST, and is primarily engaged in the business of distribution of IT, photographic and timepiece products and is looking to diversify into the real estate business.

PROSPECTS

The global economic environment has stabilized since late last year but it is still overcast by a considerable number of unknown factors. The eurozone is expected to remain in recession amidst weak domestic demand and high unemployment. The U.S. economy has improved, and optimism pushed the U.S. stock market to record high. However, following the improvement in the U.S. economy, the U.S. Federal Reserve hinted that the U.S. Central Bank might scale back its asset purchases later this year. Recently, people are also concerned that the tightening liquidity conditions in mainland China may impede its economic growth. Against this background, the Group will streamline and strengthen its existing businesses and operations to meet the challenges ahead. Management would continue to adopt a cautious and prudent approach in selecting suitable investment opportunities for long-term growth.

ACKNOWLEDGEMENT

On behalf of the Board of Directors of the Company, I would like to take this opportunity to express our gratitude to our shareholders and stakeholders for their continued support. I would also like to express my thankfulness to my fellow Directors, management and all staff members of the Group for their hard work and dedication.

Stephen Riady

Chairman

27th June, 2013

Discussion and Analysis of Results

In 2012, under the headwinds of unresolved eurozone sovereign debt crisis and slowdown of U.S. recovery, global economy is subdued and the growth in Singapore and emerging economies like mainland China fell lower than the original forecast. Until the end of 2012, macroeconomic conditions showed signs of improvement, the global economic growth is expected to improve gradually this year.

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, the current financial period covers a fifteen-month period from 1st January, 2012 to 31st March, 2013, and the comparative figures cover a twelve-month period from 1st January, 2011 to 31st December, 2011 ("year 2011"), which may not be comparable with amounts shown for the current period.

For the fifteen months ended 31st March, 2013, the Group reported a loss attributable to shareholders of HK\$10 million (year 2011 — profit of HK\$698 million, restated). The profit for year 2011 was mainly due to the significant fair value gain of an investment property held by the Group's associate following completion of its development in that year and the share of profit from property sale by another associate. In the current financial period, neither the Group nor its associates had any property projects under completion, and less profit was generated from property sale and higher finance costs were incurred by the Group's associates.

RESULTS FOR THE FINANCIAL PERIOD

Turnover for the fifteen months ended 31st March, 2013 totalled HK\$528 million (year 2011 — HK\$338 million). Property investment and property development were the principal sources of revenue of the Group, representing 69 per cent. (year 2011 — 66 per cent.) of the total turnover.

Property investment

Property investment business continued to provide stable and recurring rental income to the Group. Total revenue from the property investment business for the fifteen months ended 31st March, 2013 amounted to HK\$297 million (year 2011 — HK\$233 million). Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmarks of the Group in Hong Kong and in mainland China respectively, continued to contribute significant results to the Group. Given the quality and strategic location of the investment properties, the Group recorded revaluation gains on its investment properties of a total of HK\$555 million for the period (year 2011 — HK\$368 million).

In the current period, the Group completed the disposal of a number of residential units in Hong Kong at an aggregate consideration of approximately HK\$622 million and recognised a gain of HK\$68 million. The disposals represented an opportunity for the Group to realise a good profit at appropriate time. As a result of such disposal as well as the above mentioned revaluation gains, the Group's investment properties as at 31st March, 2013 remained at HK\$4.7 billion (31st December, 2011 — HK\$4.7 billion).

RESULTS FOR THE FINANCIAL PERIOD *(continued)*

Property investment *(continued)*

The Group, through a property fund, invested in a joint venture, Lippo ASM Asia Property Limited, which has a majority interest in Overseas Union Enterprise Limited (“OUE”), a listed company in Singapore principally engaged in property investment and development and hospitality business. The hotels managed by OUE, including Mandarin Orchard Singapore and the Crowne Plaza Changi Airport, are strategically located in various well known tourist destinations of Singapore, Malaysia and mainland China. The investment property portfolio in Singapore, which includes OUE Bayfront, a Grade A office building near Marina Bay, 6 Shenton Way Towers One and Two (formerly known as DBS Building Towers One and Two) and Mandarin Gallery at Orchard Road, provided a strong recurring source of revenue to OUE. Plans are underway to convert the podium of 6 Shenton Way Towers One and Two into a retail space with a wide range of options including retail, food and beverage and a supermarket. Subsequent to the period end, OUE proposed to dispose of its interest in Mandarin Orchard Singapore and Mandarin Gallery to a proposed real estate investment trust (the “Disposal”) with more details mentioned under section headed “Chairman’s Statement”. OUE also holds interests in One Raffles Place (comprising Tower One and the newly-completed Tower Two) which is located at the central financial and business district of Singapore. The retail mall at One Raffles Place is under refurbishment which is expected to be completed in early 2014. Pre-sale of a residential property development project, named as Twin Peaks, at 33 Leonie Hill Road in Singapore is still in progress. The Group registered a share of loss of HK\$272 million from the investment during the period (year 2011 — share of profit of HK\$855 million, restated). The change was mainly due to the absence of the significant fair value gain recognised upon completion of any investment property and the higher finance costs incurred in this period. As a result of the share buy-back by OUE during the period, the fund’s interest in OUE increased from approximately 65.55 per cent. as at 31st December, 2011 to approximately 68.02 per cent. as at 31st March, 2013 and recorded a net increase of share of equity interest of HK\$193 million. Together with the share of other reserves and taking into account the above share of loss, the Group’s interest in the investment increased to HK\$8.2 billion (31st December, 2011 — HK\$7.8 billion, restated).

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and other areas of the Asia Pacific region.

During the period, the Group sold a held-for-sale property in Singapore at HK\$78 million and recognised a gain of HK\$16 million.

In mainland China, construction of an integrated residential, commercial and retail complex at the Beijing Economic-Technological Development Area (the “BDA Project”) is progressing well. Pre-sale has been launched since July 2011. A substantial part of the residential units, office blocks and the retail mall have been sold out. Approximately 82 per cent. of the total saleable area have been pre-sold up to 31st March, 2013 at a total consideration of approximately RMB3.1 billion. This project is expected to be completed later this year and construction works have been substantially finished as at 31st March, 2013. The Group also participated in other development projects in Huai An City (the “Huai An Project”) and Taizhou City (the “Taizhou Project”), both in Jiangsu Province. Huai An Project will be developed into an integrated residential, commercial and retail complex whereas Taizhou Project is a residential project comprising townhouses and residential apartments. Both projects are currently under planning and design stage. Constructions are expected to be commenced later this year.

In Macau, main contract works of “M Residences”, a property development project, have commenced and are expected to be completed in 2014. Pre-sale has been launched since November 2011 and has received satisfactory response. About 92 per cent. of the saleable area of the residential units have been pre-sold as at 31st March, 2013 at a total consideration of approximately HK\$1.1 billion.

Discussion and Analysis of Results *(continued)*

RESULTS FOR THE FINANCIAL PERIOD *(continued)*

Property development *(continued)*

The revenue and the profit arising from the above property development projects will be reflected in the Group's results in the respective year of completion. The segment loss for the period is mainly due to marketing and selling expenses incurred for the pre-sale activities and certain pre-operating costs charged to the income statement during the period. As a result of the project cost incurred during the period, the Group's property under development increased to HK\$2.7 billion as at 31st March, 2013 (31st December, 2011 — HK\$1.5 billion).

The Group has interests in "Marina Collection" in Sentosa Cove, Singapore, a joint venture development project completed in April 2011. For the fifteen months ended 31st March, 2013, a further share of profit of HK\$125 million (year 2011 — HK\$264 million) was recorded from this project, mainly arising from the sale of properties during the period. All the units of Centennia Suites, another joint venture property development project at Kim Seng Road, Singapore, have been sold out during the pre-sale in 2010. Centennia Suites is scheduled to be completed in the second half of 2013, and profit arising therefrom will be recognised upon completion of the development.

The Group is interested in a development project at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the "MIDAN City Project"). The MIDAN City Project is a comprehensive property project to be developed into a self-contained community with an approved total gross floor area of approximately three million square metres. In order to strengthen the working capital, capital injection was made by one of the existing shareholders in April 2012. As a result, the Group's interest in the MIDAN City Project was reduced from 47.9 per cent. to 38.5 per cent. and recorded a gain on deemed disposal of HK\$24 million for the period (year 2011 — Nil). The marketing of the project is in progress.

Treasury and securities investments

The investment market continues to be challenging and full of uncertainties. The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. For the fifteen months ended 31st March, 2013, turnover of HK\$32 million (year 2011 — HK\$18 million) was recorded from the disposal of the Group's financial assets held for trading, and dividend income and interest income received from the investment portfolio. At the same time, the Group recognised a total net gain of HK\$89 million (year 2011 — HK\$5 million) from the realisation of available-for-sale financial assets through the sale of a subsidiary which owned the financial assets and direct disposal in the market.

During the period, the Group invested HK\$78 million in Lippo Select HK & Mainland Property ETF (stock code: 2824), which in turn invested in property related securities listed on the main board of The Stock Exchange of Hong Kong Limited. In March 2013, the Group subscribed for new shares in GSH Corporation Limited, a listed company in Singapore, as a strategic investment for a total consideration of approximately HK\$111 million.

Besides, the Group's securities portfolio also included certain investments in mineral exploration and mining sectors. The Group further invested approximately HK\$58 million in Haranga Resources Limited, a listed company in Australia engaged in the acquisition, exploration and development of iron ore projects in Mongolia. During the period, the Group made an additional investment of HK\$87 million in Skye Mineral Partners, LLC ("Skye"), an unlisted company interested in a few copper ore deposits in State of Utah in the U.S. Flotation mill started operation in September 2012 after the formal approval of amended mine permit was obtained. The operation is at a preliminary stage.

In the highly volatile investment markets, the performance of the securities investments was diverse and an unrealised fair value loss was recorded. The treasury and securities investments business attained a net profit of HK\$67 million for the fifteen months ended 31st March, 2013 (year 2011 — net loss of HK\$1 million) after including the provision of approximately HK\$23 million made for some investments.

RESULTS FOR THE FINANCIAL PERIOD *(continued)*

Corporate finance and securities broking

During the current financial period, the sentiments in the investment markets were affected by uncertainties resulting from unresolved eurozone sovereign debt crisis and threat of China economic slowdown. Investors remain selective and vigilant in the highly volatile markets. The Group's corporate finance and securities broking business was adversely affected. It registered a turnover of HK\$42 million for the fifteen months ended 31st March, 2013 (year 2011 — HK\$44 million) and a loss of HK\$15 million was derived from this segment (year 2011 — HK\$21 million).

Banking business

The Macau Chinese Bank Limited ("MCB"), a licensed bank in Macau, is a wholly-owned subsidiary of Hongkong Chinese Limited ("HKC", a listed subsidiary of the Company). The operating environment is still challenging because of strong competition, high operating costs and subdued global economic activities. Nevertheless, MCB remains positive to the development and growth in the region, continues to focus on customers need, and seeks opportunities to launch new products and services to enlarge its customer base. In this regards, the Group injected approximately HK\$78 million capital into MCB to strengthen its financial position during the period.

Other businesses

Other businesses mainly comprise mineral exploration, extraction and processing, food business, the development of computer hardware and software, money lending, the provision of property, project and fund management and investment advisory services. The growth and recovery of the Group's various investments was hindered by the external uncertainties of the developed economies. Moreover, some of the investments concentrate on new products which are at the early development stage. Market acceptance and competitions from other competitors are uncertain and provision of approximately HK\$37 million was made for the fifteen months ended 31st March, 2013 (year 2011 — HK\$0.4 million). As a result, the other business segment recorded a loss of HK\$44 million (year 2011 — HK\$18 million).

The Group invests in food manufacturing, wholesale and distribution, food retail and food court operation in Singapore, China and other Asian regions through its interests in Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group"), which in turn has a controlling stake in Food Junction Holdings Limited ("Food Junction"), both are listed companies in Singapore. Anticipating the operating conditions to remain challenging in the markets the APG Group operates in, it will remain focused on its core business and expand its business operations cautiously.

The Group also owns interests in Asia Now Resources Corp. ("Asia Now"), a listed company in Canada and is primarily engaged in the business of exploration of mineral deposits in Yunnan Province, mainland China. During the period, Asia Now reviewed the results of its exploration activities on each of the exploration site. Due to a lack of exploration prospects, Asia Now decided to discontinue further exploration activities on some of the sites in Beiya, Yunnan Province and a write-down of C\$3.4 million was made. For the site at Habo, Yunnan Province, impairment of C\$3.5 million was made. As a result, the Group recorded a share of loss of HK\$35 million (year 2011 — HK\$3 million) from Asia Now during the period. Asia Now is currently focusing on the exploration of the site at Ma Touwan in Beiya.

Auric, Food Junction and Asia Now were regarded as associates of the Group before 1st April, 2013. Following the adoption of Hong Kong Financial Reporting Standards "Consolidated Financial Statements" from 1st April, 2013 onwards, Auric, Food Junction and Asia Now will be treated as subsidiaries of the Group and retrospective adjustments are required.

Discussion and Analysis of Results *(continued)*

RESULTS FOR THE FINANCIAL PERIOD *(continued)*

Other businesses *(continued)*

The Group made an initial investment in Export and Industry Bank, Inc. ("EIB"), a commercial bank incorporated in the Philippines, in 1996 but over the years the investment in EIB was fully written down. During the period, the Bangko Sentral ng Pilipinas issued a resolution placing EIB under receivership and Philippine Deposit Insurance Corporation took over EIB to implement this. As such, all the investments in EIB are derecognised and a loss on derecognition of associate of HK\$61 million was recorded, which represented the related cumulative foreign exchange translation loss transferred from the equity to the income statement.

FINANCIAL POSITION

As at 31st March, 2013, the Group's total assets increased to HK\$22.8 billion (31st December, 2011 — HK\$19.4 billion, restated). Property-related assets increased to HK\$18.5 billion (31st December, 2011 — HK\$16.0 billion, restated), representing 81 per cent. (31st December, 2011 — 82 per cent., restated) of the total assets. Total liabilities increased to HK\$7.8 billion (31st December, 2011 — HK\$5.0 billion, restated), mainly due to the sale deposits received from the BDA Project and Macau project. The Group's financial position remained healthy.

As at 31st March, 2013, the bank loans of the Group (other than those attributable to banking business) increased to HK\$2.9 billion (31st December, 2011 — HK\$2.6 billion). The bank loans were denominated in Hong Kong dollars and Renminbi and were secured by certain properties, shares in certain subsidiaries of the Group and certain bank deposits. Where appropriate, the Group uses interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 31st March, 2013, 26 per cent. of the Group's total borrowings effectively carried fixed rate of interest and the remaining were at floating rates. Approximately 21 per cent. (31st December, 2011 — 11 per cent.) of the bank loans were repayable within one year. At the end of the reporting period, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 23.9 per cent. (31st December, 2011 — 21.5 per cent., restated).

The net asset value of the Group remained strong and increased to HK\$8.8 billion (31st December, 2011 — HK\$8.5 billion, restated). This was equivalent to HK\$17.9 per share (31st December, 2011 — HK\$17.0 per share, restated).

During the period, the Company repurchased 7,282,000 shares of the Company at a total consideration of approximately HK\$22.6 million.

Besides, HKC repurchased 8,816,000 shares and Lippo China Resources Limited ("LCR", a listed subsidiary of the Company) repurchased 6,640,000 shares at a total consideration of approximately HK\$10.8 million and HK\$1.2 million respectively. In December 2012, HKC and LCR issued 3,881,000 shares and 2,300,000 shares respectively upon the exercise of share options by the option holders and received a total cash consolidation of approximately HK\$5.0 million. As a consequence, the Group's interest in HKC slightly increased from approximately 56.0 per cent. as at 31st December, 2011 to approximately 56.1 per cent. as at 31st March, 2013 and the Group's interest in LCR slightly increased from approximately 71.21 per cent. as at 31st December, 2011 to approximately 71.24 per cent. as at 31st March, 2013.

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign currency risk. During the period, the Group has entered into forward contracts to manage exposures to fluctuations of foreign exchange rates. When appropriate, additional hedging instruments including forward contracts, swap and currency loans would be used to manage the foreign exchange exposure.

FINANCIAL POSITION *(continued)*

Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st December, 2011 — Nil). Aside from those arising from the normal course of the Group's banking operation, the Group had no material contingent liabilities outstanding as at 31st March, 2013 (31st December, 2011 — Nil).

As at 31st March, 2013, the Group's total commitment amounted to HK\$902 million (31st December, 2011 — HK\$945 million), mainly related to the property development projects held by the Group. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

STAFF AND REMUNERATION

The Group had 444 employees as at 31st March, 2013 (31st December, 2011 — 422 employees). Staff costs (including directors' emoluments) charged to the income statement during the period amounted to HK\$220 million (year 2011 — HK\$158 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options in prior years under the share option scheme of the Company. All outstanding options which remained unexercised by the expiry date in December 2012 lapsed accordingly.

BUSINESS STRATEGY

The business activities of the Group are diversified. The principal activities of the subsidiaries, associates and jointly controlled entities of the Company are investment holding, property investment, property development, hotel operation, food business, property management, project management, mineral exploration, extraction and processing, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services. LCR and HKC, the two major subsidiaries of the Company, have been the major contributors to the Group's results.

The Group is committed to achieve long term sustainable growth of its businesses in preserving and enhancing the shareholders' value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope and has maintained prudent and disciplined financial management to ensure its sustainability.

OUTLOOK

Looking ahead, growth is expected to be in modest pace. The Group remains cautiously optimistic about the prospects of the Asia Pacific region over the medium term and will continue to focus on business development in the region. The Group will respond to the fast changing market conditions, refine its existing businesses and prudently seek new investment opportunities with long-term growth potential.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance practices. The Board of Directors of the Company (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders' expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance so as to safeguard the interests of shareholders and enhance shareholders' value.

During the fifteen months ended 31st March, 2013 (the "Period"), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Code on Corporate Governance Practices (the "Code on CGP") for the period from 1st January, 2012 to 31st March, 2012 and the Corporate Governance Code (the "CG Code") for the period from 1st April, 2012 to 31st March, 2013 contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The CG Code is the new edition of the Code on CGP and is applicable to financial reports covering a period after 1st April, 2012.

To the best knowledge and belief of the Directors, the Directors consider that, save as disclosed below, the Company has complied with the code provisions of the Code on CGP and the CG Code (as the case may be) for the Period. Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings. One of the non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 5th June, 2012 (the "2012 AGM") as he was stranded in overseas due to an unexpected yacht sunken incident.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as the code for securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have fully complied with the required standard set out in the Model Code throughout the Period.

To enhance corporate governance, the Company has also established written guidelines no less exacting than the Model Code for the relevant employees of the Group in respect of their dealings in the Company's securities.

BOARD OF DIRECTORS

The Board currently comprises seven members (the composition of the Board is shown on page 25), including three executive Directors and four non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 26 to 28). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk). To the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

BOARD OF DIRECTORS *(continued)*

The Company has three independent non-executive Directors, representing more than one-third of the Board. Two independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. All the independent non-executive Directors have signed the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules to confirm their independence. The Company considers that all independent non-executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

Mr. Edwin Neo has served as an independent non-executive Director of the Company for more than nine years. In addition to his confirmation of independence in accordance with Rule 3.13 of the Listing Rules, Mr. Edwin Neo continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice and there is no evidence that his tenure has had any impact on his independence. The Directors are of the opinion that Mr. Edwin Neo remains independent notwithstanding the length of his service and they believe that his valuable knowledge and experience in the Group's business and his external experience continue to generate significant contribution to the Company and its shareholders as a whole.

Under the Company's Articles of Association, one-third of the Directors must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors. Under the Listing Rules, if an independent non-executive Director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. All the Directors have entered into employment agreements or letter agreements with the Group setting out the key terms and conditions of their respective appointment as directors of the Company.

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. The Board has delegated certain functions to the relevant Board committees, details of which are disclosed below. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the executive Directors. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are those affecting the Group's overall strategic policies, dividend policy, material policies and decisions, significant changes in accounting policies, material contracts, major investments and approval of interim reports, annual reports and announcements of interim and annual results. Management provides the Directors with management updates of the Group's operation, performance and position. All Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner. Legal and regulatory updates are provided to the Directors from time to time for their information so as to keep them abreast of the latest rule requirements and assist them in fulfilling their responsibilities. The Company Secretary may advise the Directors on queries raised or issues which arise in performance of their duties as directors. The Board members have access to appropriate business documents and information about the Group on a timely basis. All Directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request.

Three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, have been established to oversee particular aspects of the Group's affairs.

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS *(continued)*

The Board meets regularly to review the financial and operating performance of the Group and other business units, and formulate future strategy. Five Board meetings were held during the Period of which four were held in the year 2012.

In the year 2012, the Chairman held a meeting with the non-executive Directors (including independent non-executive Directors) without the executive Directors present.

Individual attendance of each Director at the Board meetings and general meeting and each committee member at meetings of the Audit Committee, the Remuneration Committee and the Nomination Committee during the Period are set out below:

Directors	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
Executive Directors					
Mr. Stephen Riady <i>(Chairman)</i>	5/5	N/A	2/2	2/2	1/1
Mr. John Luen Wai Lee <i>(Managing Director and Chief Executive Officer)</i>	5/5	N/A	N/A	N/A	1/1
Mr. Jark Pui Lee	5/5	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Leon Nim Leung Chan <i>(ceased to be the Chairman of the Remuneration Committee and Nomination Committee on 29th March, 2012 but remains as a member of both Committees)</i>	5/5	4/5	2/2	2/2	0/1
Independent non-executive Directors					
Mr. Victor Ha Kuk Yung <i>(Chairman of the Audit Committee)</i>	5/5	5/5	2/2	2/2	1/1
Mr. King Fai Tsui <i>(appointed as the Chairman of the Remuneration Committee and Nomination Committee on 29th March, 2012)</i>	5/5	5/5	2/2	2/2	1/1
Mr. Edwin Neo	5/5	5/5	2/2	2/2	1/1

* the only general meeting of the Company held during the Period was the 2012 AGM

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer of the Company are segregated. Mr. Stephen Riady is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. Mr. John Luen Wai Lee is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing which have been approved by the Board.

NON-EXECUTIVE DIRECTORS

There are currently four non-executive Directors of whom three are independent. Under the Company's Articles of Association, every Director, including the non-executive Directors, shall be subject to retirement by rotation at least once every three years. All the non-executive Directors have a fixed term of contract of two years with the Company.

REMUNERATION OF DIRECTORS

A Remuneration Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lippo.com.hk) and the Stock Exchange's website (www.hkexnews.hk). In order to comply with the amendments to certain provisions in the Listing Rules which took effect on 1st April, 2012 (the "Amendments"), the terms of reference of the Remuneration Committee had been revised in March 2012. The Committee has been delegated with the authority and responsibility to determine the remuneration packages of individual Directors and senior management. Senior management of the Company comprises Directors of the Company only.

The principal role of the Committee is to exercise the powers of the Board to review and determine or make recommendations to the Board on the remuneration packages of individual Directors and senior management, including salaries, bonuses, share options and benefits in kind. Salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group have been considered in determining the remuneration packages so as to align management incentives with shareholders' interests. During the Period, the Remuneration Committee reviewed and determined, with delegated responsibility, inter alia, (i) the remuneration packages of the Directors and senior staff; and (ii) service contracts of certain Directors.

Majority of the Committee members are non-executive Directors and three of them are independent. To comply with the Amendments, on 29th March, 2012, Mr. King Fai Tsui, an independent non-executive Director, was appointed as the Chairman of the Remuneration Committee and Mr. Leon Nim Leung Chan, a non-executive Director, ceased to be the Chairman of the Remuneration Committee but remains as a member of the Remuneration Committee. The Remuneration Committee currently comprises five members including three independent non-executive Directors, namely Messrs. King Fai Tsui (being the Chairman of the Remuneration Committee), Edwin Neo and Victor Ha Kuk Yung, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Mr. Stephen Riady. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. Two meetings were held during the Period and the individual attendance of each member is set out above.

Details of Directors' emoluments and retirement benefits are disclosed in Notes 7 and 2.4(v) to the financial statements, respectively.

NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Company's Articles of Association. No new Director was appointed during the Period.

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lippold.com.hk) and the Stock Exchange's website (www.hkexnews.hk). In order to comply with the Amendments, the terms of reference of the Nomination Committee had been revised in March 2012. The principal role of the Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Period, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2012 AGM and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition and efficiency of the Board.

Majority of the Committee members are non-executive Directors and three of them are independent. To comply with the Amendments, on 29th March, 2012, Mr. King Fai Tsui, an independent non-executive Director, was appointed as the Chairman of the Nomination Committee and Mr. Leon Nim Leung Chan, a non-executive Director, ceased to be the Chairman of the Nomination Committee but remains as a member of the Nomination Committee. The Nomination Committee currently comprises five members including three independent non-executive Directors, namely, Messrs. King Fai Tsui (being the Chairman of the Nomination Committee), Edwin Neo and Victor Ha Kuk Yung, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Mr. Stephen Riady. Two meetings were held during the Period and the individual attendance of each member is set out above.

Shareholders may propose a candidate for election as a Director in accordance with the Articles of Association of the Company. The procedures for such proposal are published on the Company's website (www.lippold.com.hk).

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company for the Period. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the forthcoming 2013 annual general meeting of the Company (the "2013 AGM"), all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 26 to 28.

DIRECTORS' TIME COMMITMENT AND TRAINING *(continued)*

Directors are also encouraged to attend seminars and conferences to enrich their knowledge in discharging their duties as a director. The Company has arranged from time to time at its cost seminars and/or conferences conducted by professional bodies for the Directors relating to, inter alia, director's duties, corporate governance and regulatory updates. Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

- (1) participation in continuous professional training seminars and/or conferences and/or courses and/or workshops on subjects relating to, inter alia, corporate governance, directors' duties and legal and regulatory changes organised and/or arranged by the Company and/or professional bodies and/or lawyers;
- (2) reading materials provided from time to time by the Company to the Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and
- (3) reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

According to the training records provided by the Directors to the Company, all Directors participated in continuous professional development during the Period through the above means (1), (2) and (3). Records of the Directors' training during the Period are as follows:

Directors	Training received
Executive Directors	
Mr. Stephen Riady (<i>Chairman</i>)	(1), (2) and (3)
Mr. John Luen Wai Lee (<i>Managing Director and Chief Executive Officer</i>)	(1), (2) and (3)
Mr. Jark Pui Lee	(1), (2) and (3)
Non-executive Director	
Mr. Leon Nim Leung Chan	(1), (2) and (3)
Independent non-executive Directors	
Mr. Edwin Neo	(1), (2) and (3)
Mr. King Fai Tsui	(1), (2) and (3)
Mr. Victor Ha Kuk Yung	(1), (2) and (3)

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged directors' and officers' liability insurance for years to indemnify the Directors and officers against any potential liability arising from the Company's activities which such Directors and officers may be held liable.

AUDITORS' REMUNERATION

Messrs. Ernst & Young has been appointed by the shareholders annually as the Company's auditors. During the Period, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Messrs. Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditors nationally and internationally) amounted to approximately HK\$6.1 million (year 2011 — HK\$4.9 million) and approximately HK\$0.6 million (year 2011 — HK\$0.5 million), respectively. The non-statutory audit services provided during the Period consisted of the review of the Group's continuing connected transactions and other reporting services.

AUDIT COMMITTEE

The Board established an Audit Committee in December 1998. The Audit Committee has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lippold.com.hk) and the Stock Exchange's website (www.hkexnews.hk). In order to comply with the Amendments, the terms of reference of the Audit Committee had been revised in March 2012. The Audit Committee assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. The Audit Committee is also responsible for the Company's corporate governance functions. All Committee members are non-executive Directors and three of them including the Chairman are independent. The Audit Committee comprises four members including three independent non-executive Directors, namely Messrs. Victor Ha Kuk Yung (being the Chairman of the Audit Committee), Edwin Neo and King Fai Tsui and a non-executive Director, namely Mr. Leon Nim Leung Chan. Five meetings were held during the Period and the individual attendance of each member is set out above.

The Committee members possess diversified industry experience and the Chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters. Under its current terms of reference, the Committee will meet at least twice each year. Management and auditors shall normally attend the meetings.

During the Period, the Audit Committee discharged its duties by reviewing financial, audit and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report and internal audit reports and discussing with executive Directors, management, external auditors and internal audit department (the "IA Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board on financial-related matters. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2013 AGM, Messrs. Ernst & Young be re-appointed as the Company's external auditors for the ensuing year; and reviewed the fees charged by the Company's external auditors. The Audit Committee reviewed and adopted the whistleblowing policy of the Group during the Period.

INTERNAL CONTROLS

The Board recognises its responsibility for maintaining an adequate system of internal control and prompt and transparent reporting of the Company's activities to the shareholders and to the public.

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations.

During the Period, a review of the effectiveness of the Group's internal control system covering all material controls and risk management functions was conducted.

The Board approved and adopted the Inside Information Policy during the Period which sets out guidelines to the Directors, officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) (the "Inside Information") of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations. The Company also established Group Internal Notification Policies and Procedures for setting out guidelines for identification and notification of Inside Information and notifiable transactions (as defined in the Listing Rules). During the Period, a whistleblowing policy of the Group was adopted.

Also, during the Period, the Board reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The review will be conducted annually in accordance with the requirements of the CG Code.

INTERNAL AUDIT

The IA Department was set up in 2007 to perform internal audit and to review the internal control system of the Group.

The principal roles of the internal audit are to ensure the effectiveness of internal control procedures and strict compliance with different standards and policies across different businesses and operations of the Group. The IA Department audits and evaluates the Group's internal control operation and management activities so as to establish that there are no significant misrepresentations of risks and faults in the Group. The Board and the Audit Committee will actively take actions based on the findings from the IA Department. The IA Department is also responsible for providing improvement procedures to different operation teams and departments so as to minimise the risk exposure in the future. Ongoing enhancement and revision on the internal control system will have to be made from time to time so as to cope with the growth of the Group.

COMPANY SECRETARY

The Company Secretary is an employee of the Company. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. During the Period, the Company Secretary had taken the necessary professional training.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees, and the Company's external auditors attended the 2012 AGM and were available to answer questions from shareholders.

Under the Listing Rules, all resolutions proposed at shareholders' meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow resolutions to be voted on by the shareholders on a show of hands. Details of the poll procedures will be explained during the proceedings of shareholders' meetings. The poll voting results will be released and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lippold.com.hk).

To provide effective communication, the Company maintains a website at www.lippold.com.hk. All the financial information and other disclosures including, inter alia, annual reports, interim reports, announcements, circulars, notices and memorandum and articles of association ("M&A") are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Registrar, Tricor Progressive Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or contact the Customer Service Hotline of the Company's Registrar at (852) 2980 1333. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the registered office of the Company at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

SHAREHOLDERS' RIGHTS

Under Section 113 of the Hong Kong Companies Ordinance (the "Companies Ordinance"), shareholders holding not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company are entitled to send a request to the Company to convene an extraordinary general meeting. Such requisition must state the objects of the meeting and must be signed by the relevant shareholders and deposited at the registered office of the Company. Besides, Section 115A of the Companies Ordinance provides that (i) shareholder(s) representing not less than one-fortieth of the total voting rights of all shareholders of the Company or (ii) not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK\$2,000 per shareholder, may at their expense put forward any proposal for consideration at any general meeting of the Company by depositing a requisition in writing signed by the relevant shareholder(s) at the registered office of the Company.

FAIR DISCLOSURE AND INVESTOR RELATIONS

The Company uses its best endeavours to distribute material information about the Group to all interested parties as widely as possible. When announcements are made through the Stock Exchange, the same information will be available to the public on the Company's website. The Company recognises its responsibility to disclose its activities to those with a legitimate interest and to respond to their questions. In all cases, great care has been taken in handling Inside Information of the Group. The Board approved and adopted the Inside Information Policy during the Period which sets out guidelines to ensure Inside Information of the Group is to be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

Management of the Group maintains regular contacts with the investment community. The Group had adopted a shareholders' communication policy during the Period.

In light of the amendments to the Listing Rules relating to, inter alia, the Code on CGP (now renamed as CG Code) and the rules pertaining to corporate governance, a special resolution was proposed and passed at the 2012 AGM for the amendments to the Articles and Association of the Company (the "Articles") to bring the Articles in line with the amended Listing Rules and to incorporate certain housekeeping amendments. The major amendments to the Articles during the Period included the following:

1. to allow the chairman of a general meeting, acting in good faith and in compliance with the Listing Rules, to allow resolutions to be voted on by the shareholders on a show of hands;
2. to remove the 5 per cent. interest exemption for voting by a director on a board resolution in which he has an interest;
3. to clarify that no person other than a retiring Director shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting, unless notice in writing by a shareholder of his intention to propose that person for election as a Director and notice in writing signed by that person of his willingness to be elected shall have been given to the Company during the prescribed notice period;
4. to clarify the method of attendance in a board meeting; and
5. to clarify that the auditors of the Company shall be removed in accordance with the Listing Rules.

An updated and consolidated version of the Company's M&A is available on the Company's website (www.lippold.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31st March, 2013, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditors are responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

The responsibilities of the auditors with respect to financial reporting are set out in the Independent Auditors' Report on pages 38 and 39.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It cares for and supports the communities where it operates. The Group has made donations for community well-being from time to time, and supported the Group's volunteer team in serving the disadvantaged groups and the community as a whole.

Report of the Directors

The Directors hereby present their report together with the audited financial statements for the fifteen months ended 31st March, 2013 (the "Period").

CHANGE OF FINANCIAL YEAR END DATE

In December 2012, the Directors resolved to change the Company's financial year end date from 31st December to 31st March. The reason for the change of financial year end date was stated in the Company's announcement dated 28th December, 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries, associates and jointly controlled entities are principally engaged in investment holding, property investment, property development, hotel operation, food business, property management, project management, mineral exploration, extraction and processing, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The activities and other particulars of the principal subsidiaries, principal associates and principal jointly controlled entities are set out in the financial statements on pages 138 to 147, pages 148 and 149 and page 150, respectively.

There were no significant changes in the nature of these activities during the Period.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by principal activity and geographical area for the Period is set out in Note 4 to the financial statements.

RESULTS AND DIVIDENDS

The results and details of cash flows of the Group for the Period and the state of affairs of the Group and the Company as at 31st March, 2013 are set out in the financial statements on pages 40 to 150.

An interim dividend of HK3 cents per share (year 2011 — Nil) for the six months ended 30th June, 2012 was paid on 18th October, 2012. The Directors have resolved to recommend the payment of a final dividend of HK4 cents per share (year 2011 — final dividend of HK4 cents per share and a special final dividend of HK3 cents per share) amounting to approximately HK\$19.7 million for the Period (year 2011 — approximately HK\$35 million). Total dividends for the Period will be HK7 cents per share (year 2011 — HK7 cents per share) amounting to approximately HK\$34.5 million (year 2011 — approximately HK\$35 million).

SUMMARY OF GROUP FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 156.

GOODWILL

Details of movements in goodwill during the Period are set out in Note 15 to the financial statements.

FIXED ASSETS

Details of movements in the fixed assets during the Period are set out in Note 16 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties during the Period are set out in Note 17 to the financial statements.

BANK LOANS

Details of bank loans are summarised in Note 28 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 32 to the financial statements.

SHARE OPTION SCHEMES

Details of the share option schemes of the Company and its subsidiaries are set out in Note 33 to the financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves during the Period and details of the distributable reserves are set out in Note 34 to the financial statements and in the consolidated statement of changes in equity, respectively.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in Note 45 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 138 to 147.

DONATIONS

Charitable and other donations made by the Group during the Period amounted to HK\$63,815,000 (year 2011 — HK\$30,008,000).

HONORARY CHAIRMAN

On 25th April, 2003, the Directors of the Company appointed Dr. Mochtar Riady ("Dr. Riady") as Honorary Chairman of the Company in recognition of Dr. Riady's valuable contribution to the Company in the past. Dr. Riady was not appointed as a director or officer of the Company. He has no executive or management function within the Company and will not attend or vote at meetings of Directors. He will not have any involvement in the day-to-day management, oversight or other operation of the Company.

DIRECTORS

The Directors of the Company during the Period were:

Executive Directors

Mr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee, BBS, JP (*Managing Director and Chief Executive Officer*)

Mr. Jark Pui Lee, SBS, OBE, JP

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung

In accordance with Article 120 of the Company's Articles of Association (the "Articles"), Messrs. Leon Nim Leung Chan and King Fai Tsui will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS *(continued)*

Each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2012. Following the expiry of the term under their respective former letter agreements with the Company, each of Messrs. King Fai Tsui and Victor Ha Kuk Yung entered into a new letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30th September, 2012. All the above letter agreements will be terminable by either party by giving three months' prior written notice. Their terms of services are also subject to the provisions of the Articles. Mr. Jark Pui Lee has an employment agreement with the Company and Mr. John Luen Wai Lee has employment agreements with two subsidiaries of the Company. Such employment agreements will be terminable by either party by giving three months' prior written notice. During the Period, Mr. Stephen Riady entered into a letter agreement with the Company setting out the key terms and conditions for serving as a Director of the Company. Mr. Riady was not appointed for a specific term but his term of service is subject to the relevant provisions of the Articles. In accordance with the Articles, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Company considers such Directors to be independent.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Stephen Riady, aged 53, has been the Chairman of the Company since 1991. He is also an executive director and the Chairman of the board of directors of each of Lippo China Resources Limited ("LCR") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. Mr. Riady is a director of Lanius Limited and Lippo Capital Limited. He is a member of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. He also holds directorship in certain subsidiaries of the Company. Mr. Riady is the Executive Chairman of Overseas Union Enterprise Limited and an executive director of Auric Pacific Group Limited ("Auric"), both are public listed companies in Singapore. He serves as a member of the nomination committee of Auric. He is a graduate of the University of Southern California and holds an Honorary Degree of Doctor of Business Administration from Napier University in the United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Mr. Riady is a son of Dr. Mochtar Riady and Madam Lidya Suryawaty. The interests of Dr. Mochtar Riady and Madam Lidya Suryawaty in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

Mr. John Luen Wai Lee, BBS, JP, aged 64, has been the Managing Director of the Company since 1991 and is also the Chief Executive Officer of the Company. He is an executive director and the Chief Executive Officer of each of LCR and HKC. Mr. Lee is also an authorised representative of the Company, LCR and HKC. In addition, Mr. Lee holds directorship in certain subsidiaries of the Company. He is an independent non-executive director of New World Development Company Limited and New World China Land Limited, both are public listed companies in Hong Kong. Mr. Lee was a non-executive director of each of Asia Now Resources Corp., a company listed on TSX Venture Exchange of Canada, and Export and Industry Bank, Inc., a former public listed company in the Republic of Philippines. Mr. Lee is a Fellow Member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and an Associate Member of The Institute of Chartered Accountants in England and Wales. He was a partner of Pricewaterhouse in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He is active in public service and currently serves as a member on a number of Public Boards and Committee including the Chairman of the Board of Trustees of the Hospital Authority Provident Fund Scheme, the Chairman of the Queen Elizabeth Hospital Governing Committee and the Chairman of the Treasury Panel of the Hospital Authority. In addition, he serves as a member of the Appeal Boards Panel (Education). Mr. Lee was awarded the Bronze Bauhinia Star by Hong Kong Government in 2011.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. Jark Pui Lee, SBS, OBE, JP, aged 73, was appointed a Director of the Company in 1992. Mr. Lee holds a Bachelor of Arts degree (Hons) from The University of Hong Kong. He worked for the Hong Kong Government and was the Secretary-General of The Chinese Manufacturers' Association of Hong Kong. He has served and contributed to the local community for over 30 years, and was Chairman of the Government's Social Welfare Advisory Committee, the General Support Programme Vetting Committee of the Innovation and Technology Commission, Hong Kong Council of Social Service, the Legal Aid Services Council and Po Leung Kuk. Mr. Lee is currently the Chairman of International Chamber of Commerce — Hong Kong, China, Agency for Volunteer Service and the Hong Kong Council of Volunteering.

Mr. Leon Nim Leung Chan, aged 57, was appointed an independent non-executive Director of the Company in 1997 and was re-designated as a non-executive director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008 and is currently one of the Panel Chairman of the Appeal Tribunal Panel on appeals against a decision of the Building Authority. He is also a non-executive director of LCR and HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. He is also a director of a subsidiary of HKC and the chairman of the supervisory board member of a subsidiary of HKC. Mr. Chan is an independent non-executive director of Midland Holdings Limited, a public listed company in Hong Kong. Mr. Chan was also appointed as an independent non-executive director of PanAsialum Holdings Company Limited which was listed on The Stock Exchange of Hong Kong Limited in February 2013.

Mr. Edwin Neo, aged 63, was appointed an independent non-executive Director of the Company in March 2002. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is also an independent non-executive director of LCR and Auric. Mr. Neo is a member of the Remuneration Committee, Nomination Committee and Audit Committee of each of the Company and LCR.

Mr. King Fai Tsui, aged 63, was appointed an independent non-executive Director of the Company in September 2004. Mr. Tsui is a director and senior consultant of a registered financial services company in Hong Kong. He is an independent non-executive director of Vinda International Holdings Limited, China Aoyuan Property Group Limited and Newton Resources Ltd, all are public listed companies in Hong Kong. He has over 30 years of extensive experience in accounting, finance and investment management, particularly in investments in mainland China. Mr. Tsui worked for two of the Big Four audit firms in the United States of America and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in Australia and a member of the American Institute of Certified Public Accountants. He graduated from the University of Houston, Texas, the United States of America and holds a Master of Science in Accountancy and a Bachelor of Business Administration with first class honours. Mr. Tsui is an independent non-executive director of LCR and HKC. He is the Chairman of the Audit Committee of HKC and a member of the Audit Committee of each of the Company and LCR. He is also the Chairman of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC.

Mr. Victor Ha Kuk Yung, aged 59, was appointed an independent non-executive Director of the Company in September 2004. He is a professional accountant with over 30 years of working experience in the financial and accounting fields, and served in management positions in various multinational companies in Asia. Mr. Yung holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University, and is a member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of LCR and HKC. Mr. Yung is the Chairman of the Audit Committee of each of the Company and LCR and a member of the Audit Committee of HKC. He is also a member of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. Mr. Yung is an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a public listed company in Hong Kong.

Report of the Directors *(continued)*

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Details of the interests of the Directors in the Company are disclosed in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below.

Save as disclosed herein and in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below, the Directors do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Details of the emoluments of the Directors on a named basis and the five highest paid employees in the Group are set out in Notes 7 and 8 to the financial statements, respectively.

The emoluments of the Directors are determined by reference to the market rates, time commitment and their duties and responsibilities as well as employment conditions elsewhere in the Group.

The emoluments of the Directors for the Period have been covered by their respective letter agreements or employment agreements (as applicable) with the Company and/or its subsidiaries and/or paid under the relevant statutory requirement save for those as disclosed hereinbelow:

- (a) the discretionary bonus and fringe benefits of Mr. Stephen Riady in the total amount of approximately HK\$10,803,000;
- (b) the director's fees, discretionary bonus and fringe benefits of Mr. John Luen Wai Lee in the total amount of approximately HK\$2,822,000;
- (c) the fringe benefits of Mr. Jark Pui Lee in the total amount of approximately HK\$209,000; and
- (d) the director's fees of Mr. Leon Nim Leung Chan in the total amount of approximately HK\$49,000.

Executive Directors are entitled to discretionary bonuses and/or other fringe benefits for the executive role in the Group. Further details of the above Directors' emoluments are disclosed in Note 7 to the financial statements.

With effect from 1st April, 2013, the fees payable to the non-executive Directors have been adjusted to HK\$192,000 per annum. A non-executive Director will also receive additional fees for duties assigned to and services provided by him as Chairmen and/or members of various board committees of the Company and its subsidiaries. With effect from 1st April, 2013, the fees payable to the non-executive Directors for serving as the Chairmen and/or members of various board committees of the Company per annum are as follows:

	HK\$
Audit Committee	
Chairman	48,000
Member	24,000
Other Committees	
Chairman	24,000
Member	24,000

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st March, 2013, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

Interests in shares and underlying shares of the Company and associated corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued share capital
Number of ordinary shares of HK\$0.10 each in the Company					
Stephen Riady	–	–	319,322,219 <i>Note (i)</i>	319,322,219	64.75
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares of HK\$0.10 each in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,544,696,389 <i>Notes (i) and (ii)</i>	6,544,696,389	71.24
Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,120,987,842 <i>Notes (i) and (iii)</i>	1,120,987,842	56.10
Jark Pui Lee	469	469	–	938	0.00
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and associated corporations *(continued)*

Note:

- (i) As at 31st March, 2013, Lippo Capital Limited ("Lippo Capital"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 319,322,219 ordinary shares of HK\$0.10 each in, representing approximately 64.75 per cent. of the issued share capital of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK\$1.00 each in, representing the entire issued share capital of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the share capital of Lanius. The beneficiaries of the trust included, inter alia, Mr. Stephen Riady and other members of the family. Mr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.
- (ii) As at 31st March, 2013, the Company was indirectly interested in 6,544,696,389 ordinary shares of HK\$0.10 each in, representing approximately 71.24 per cent. of the issued share capital of, LCR.
- (iii) As at 31st March, 2013, the Company was indirectly interested in 1,120,987,842 ordinary shares of HK\$1.00 each in, representing approximately 56.10 per cent. of the issued share capital of, HKC.
- (iv) Certain Directors were granted options to subscribe for shares in the Company, LCR and HKC under the share option schemes adopted by the Company, LCR and HKC respectively. All the outstanding options granted under the above share option schemes, which remained unexercised, expired on 16th December, 2012 and lapsed accordingly. Details of the interests of Directors in the underlying shares in respect of options are disclosed in Note 33 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*
Interests in shares and underlying shares of the Company and associated corporations *(continued)*

For the reasons outlined above, through his deemed interests in Lippo Capital as mentioned in Note (i) above, Mr. Stephen Riady was also taken to be interested in the share capital of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Abital Trading Pte. Limited	Ordinary shares	2	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
J & S Company Limited	Ordinary shares	1	100
Kingaroy Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
SCR Ltd.	Ordinary shares	1	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and associated corporations *(continued)*

As at 31st March, 2013, Mr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares of HK\$1.00 each in, representing approximately 16.67 per cent. of the issued share capital of, Lanius which is the holder of the entire issued share capital of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Mr. Stephen Riady), who does not have any interest in the share capital of Lanius. The beneficiaries of the trust included, inter alia, Mr. Stephen Riady and other members of the family.

As at 31st March, 2013, Mr. Stephen Riady was interested in 27,493,311 ordinary shares in Auric Pacific Group Limited ("Auric"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, held by Goldstream Capital Limited, which in turn is a wholly-owned subsidiary of Bravado International Ltd. ("Bravado"). Mr. Stephen Riady is the beneficial owner of the entire issued capital of Bravado. For the reasons mentioned above, through his deemed interest in Lippo Capital, Mr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in Auric. Accordingly, Mr. Stephen Riady was interested and taken to be interested in an aggregate of 89,420,646 ordinary shares in, representing approximately 71.16 per cent. of the issued share capital of, Auric.

As at 31st March, 2013, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 31st March, 2013, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the Period was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable a Director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31st March, 2013, so far as is known to the Directors of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") as follows:

Interests of substantial shareholders in shares of the Company

Name	Number of ordinary shares of HK\$0.10 each	Approximate percentage of the issued share capital
Lippo Capital Limited ("Lippo Capital")	319,322,219	64.75
Lanius Limited ("Lanius")	319,322,219	64.75
Dr. Mochtar Riady	319,322,219	64.75
Madam Lidya Suryawaty	319,322,219	64.75

Note:

- Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 ordinary shares of the Company. Together with 304,622,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 319,322,219 ordinary shares of HK\$0.10 each in, representing approximately 64.75 per cent. of the issued share capital of, the Company.
- Lanius is the holder of the entire issued share capital of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the share capital of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in the shares of the Company under the provisions of the SFO.
- Lippo Capital's interests in the ordinary shares of the Company were recorded as the interests of Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 319,322,219 ordinary shares of the Company related to the same block of shares that Mr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 2013, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Lippo Group (a general reference to the companies in which Mr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31st March, 2013, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

The Directors of the Company are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and its Directors would comply with the relevant requirements of the Company's Articles of Association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") whenever a Director has any conflict of interest in the transaction(s) with the Company.

Save as disclosed herein, during the Period and up to the date of this report, none of the Directors are considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group required to be disclosed under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

During the Period, the Company did not have any continuing connected transaction and connected transaction which were subject to the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Subsequent to the end of the Period, as a result of the adoption of Hong Kong Financial Reporting Standard (HKFRS) 10 entitled "Consolidated Financial Statements" for annual periods beginning on or after 1st April, 2013, each of Auric Pacific Group Limited ("Auric") and Food Junction Holdings Limited ("Food Junction") and their respective subsidiaries have been classified as subsidiaries of the Company with effect from 1st April, 2013. Lippo China Resources Limited ("LCR"), a subsidiary of the Company, is interested in approximately 49.3 per cent. of the issued share capital of Auric which in turn is interested in approximately 61.4 per cent. of the issued share capital of Food Junction (excluding treasury shares). Mr. Stephen Riady, an executive director of the Company, through companies controlled by him, is indirectly interested in approximately 21.9 per cent. of the issued share capital of Auric. Accordingly, the subsidiaries of Auric and Food Junction referred to hereinbelow are regarded as connected persons of the Company under the Listing Rules. Therefore, the following agreements have constituted continuing connected transactions for the Company with effect from 1st April, 2013:

- (A) (i) A tenancy agreement dated 1st April, 2013 entered into between West Tower Holding Limited ("West Tower"), a wholly-owned subsidiary of LCR, and LCR Catering Services Limited ("LCR Catering"), a subsidiary of Food Junction, pursuant to which LCR Catering agreed to lease from West Tower Unit 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong ("Lippo Centre") for a term of three years from 1st April, 2013 to 31st March, 2016, both days inclusive, at a monthly rental of HK\$364,550, exclusive of rates, service charge and all other outgoings, for use as a restaurant. The service charge of HK\$65,040 per month (subject to adjustment) shall be payable by LCR Catering to West Tower and such service charge shall not exceed HK\$78,000 per month.
- (ii) A licence agreement dated 1st April, 2013 entered into between West Tower, as licensor, and LCR Catering, as licensee, in respect of four night car parking spaces in the first basement of Lippo Centre. A licence fee of HK\$5,300 per month (subject to increase) shall be payable by LCR Catering to West Tower. The term of the licence agreement shall be three years from 1st April, 2013 to 31st March, 2016, both days inclusive.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

- (B) A tenancy agreement dated 15th March, 2013 entered into between West Tower and Delifrance (HK) Limited (“Delifrance”), a wholly-owned subsidiary of Auric, pursuant to which Delifrance agreed to lease from West Tower Shop 1B–1E, Ground Floor, Lippo Centre for a term of three years from 16th March, 2013 to 15th March, 2016, both days inclusive, at a monthly rental of HK\$23,000 (for the period from 16th March, 2013 to 31st May, 2014) and HK\$25,500 (for the period from 1st June, 2014 to 15th March, 2016), exclusive of rates, service charge and all other outgoings, for use as a high class shop providing sandwiches and light meals under the trade name or style of “Delifrance” or a kitchen support to other Delifrance stores. The service charge of HK\$8,065 per month (subject to adjustment) shall be payable by Delifrance to West Tower and such service charge shall not exceed HK\$10,000 per month.
- (C) A tenancy agreement dated 15th March, 2013 entered into between West Tower and Delifrance, pursuant to which Delifrance agreed to lease from West Tower Shop 1A–1B, First Floor, Lippo Centre for a term of two years and eight months and ten days from 16th March, 2013 to 25th November, 2015, both days inclusive, at a monthly rental of HK\$71,500 (for the period from 16th March, 2013 to 25th November, 2013) and HK\$78,875 (for the period from 26th November, 2013 to 25th November, 2015), exclusive of rates, service charge and all other outgoings, for use as a bakery café and a western style restaurant under the trade name and/or trademark of “Delifrance” and/or any other trade name as approved by West Tower from time to time. The service charge of HK\$2,505 per month (subject to adjustment) shall be payable by Delifrance to West Tower and such service charge shall not exceed HK\$3,000 per month.
- (D) A tenancy agreement dated 18th November, 2010 entered into between 上海力寶復興房地產有限公司 (Shanghai Lippo Fuxing Real Estate Limited) (now know as 力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited)) (“Shanghai Lippo”), a wholly-owned subsidiary of LCR, and 福將坊(北京)餐飲有限公司 (Food Junction Beijing Co., Limited) (“Food Junction Beijing”), a wholly-owned subsidiary of Food Junction, pursuant to which Food Junction Beijing agreed to lease from Shanghai Lippo Shop 303B, 304–305, Third Floor, Lippo Plaza, No. 222 Huaihai Zhong Road, Shanghai, the People’s Republic of China for a term of three years from 1st February, 2011 to 31st January, 2014, both days inclusive, at a monthly rental of RMB202,843 for the first year, RMB228,198 for the second year and RMB253,553 for the third year, or a turnover rent of 11 per cent. calculated by reference to the turnover generated at the above premises, whichever is higher, for use as a restaurant. The rental is exclusive of property management fee and other outgoings.

The Directors of the Company are of the view that the terms of each of the above agreements are determined on fair and reasonable basis and in accordance with normal commercial terms and that such transactions are in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTEREST IN CONTRACTS

There were no contracts of significance in relation to the Company’s business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the Period or at any time during the Period, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

During the Period, no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries has been made.

Report of the Directors *(continued)*

DIRECTORS' SERVICE CONTRACTS

No Director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company had repurchased a total of 7,282,000 shares of HK\$0.10 each in the Company on The Stock Exchange of Hong Kong Limited, all of which were subsequently cancelled. Particulars of the aforesaid repurchases are as follows:

	Number of shares of HK\$0.10 each repurchased	Highest price paid per share	Lowest price paid per share	Total price paid
2012		HK\$	HK\$	HK\$
May	616,000	2.80	2.69	1,693,100
June	1,196,000	3.13	2.75	3,437,750
July	139,000	3.32	3.19	458,960
August	2,621,000	3.13	3.05	8,121,340
September	2,582,000	3.34	3.14	8,308,200
October	128,000	3.50	3.50	448,000
Total	7,282,000			22,467,350
			Expenses incurred for shares repurchased	95,221
				22,562,571

The above repurchases were effected by the Directors with a view to benefiting the shareholders as a whole in enhancing the net asset value per share of the Company.

Save as disclosed herein, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period. Further details of the repurchases are set out in Note 32 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During the Period, the percentage of purchases attributable to the Group's five largest suppliers combined and that of sales attributable to the Group's five largest customers combined were less than 30 per cent. of the Group's aggregate purchases and sales, respectively.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group and the employer's retirement benefits costs charged to the consolidated income statement for the Period are set out in Notes 2.4(v) and 6 to the financial statements, respectively.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 14 to 23.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDITORS

The financial statements for the Period were audited by Ernst & Young who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

John Luen Wai Lee

Managing Director and Chief Executive Officer

Hong Kong, 27th June, 2013

Independent Auditors' Report



To the shareholders of Lippo Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Lippo Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 40 to 150, which comprise the consolidated and company statements of financial position as at 31st March, 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2013, and of the Group's loss and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

22/F CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

Hong Kong, 27th June, 2013

Consolidated Income Statement

For the fifteen months ended 31st March, 2013

	Note	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
Revenue	5	528,221	338,162
Cost of sales		(108,471)	(38,219)
Gross profit		419,750	299,943
Administrative expenses		(276,093)	(206,030)
Other operating expenses		(254,438)	(163,417)
Fair value gains on investment properties		554,728	368,397
Gain/(Loss) on disposal of investment properties		68,282	(231)
Gain on disposal of fixed assets		8,539	10,103
Gain/(Loss) on disposal of subsidiaries	36(b)	69,491	(15,776)
Gain on disposal of available-for-sale financial assets		19,531	4,767
Gain on deemed disposal of an associate		24,065	–
Loss on derecognition of associates		(61,528)	(9)
Net fair value loss on financial instruments at fair value through profit or loss		(59,667)	(26,917)
Provisions for impairment losses:			
Associates		(36,771)	(419)
Available-for-sale financial assets		(23,251)	–
Properties under development		(156)	(49,954)
Finance costs	9	(108,438)	(67,231)
Share of results of associates	10	(204,546)	1,126,176
Share of results of jointly controlled entities		(299)	18,777
Profit before tax	6	139,199	1,298,179
Income tax	11	(158,889)	(55,199)
Profit/(Loss) for the period/year		(19,690)	1,242,980
Attributable to:			
Equity holders of the Company	12	(10,002)	698,327
Non-controlling interests		(9,688)	544,653
		(19,690)	1,242,980
Earnings/(Loss) per share attributable to equity holders of the Company		HK cents	HK cents (Restated)
Basic	13	(2)	140
Diluted		(2)	140

Details of the dividends payable and proposed for the period/year are disclosed in Note 14 to the financial statements.

Consolidated Statement of Comprehensive Income

For the fifteen months ended 31st March, 2013

	Note	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
Profit/(Loss) for the period/year		(19,690)	1,242,980
Other comprehensive income/(loss)			
Available-for-sale financial assets:			
Changes in fair value		87,256	(81,935)
Reclassification adjustments for disposal		(14,893)	85
Reclassification adjustment relating to disposal of a subsidiary	36(b)	(78,020)	–
Income tax effect		(1,635)	(213)
		(7,292)	(82,063)
Surplus on revaluation of leasehold land and buildings		8,885	–
Income tax effect		(1,066)	–
		7,819	–
Share of other comprehensive income/(loss) of associates:			
Share of changes in fair value of available-for-sale financial assets		105,638	(2,559)
Share of effective portion of changes in fair value of cash flow hedges of an associate		4,336	2,823
Share of exchange differences on translation of foreign operations		295,085	(88,673)
		405,059	(88,409)
Exchange differences on translation of foreign operations		61,409	100,492
Reclassification adjustment relating to deemed disposal of a foreign associate		10,504	–
Reclassification adjustment relating to derecognition of a foreign associate		61,365	–
Other comprehensive income/(loss) for the period/year, net of tax		538,864	(69,980)
Total comprehensive income for the period/year		519,174	1,173,000
Attributable to:			
Equity holders of the Company		303,691	661,407
Non-controlling interests		215,483	511,593
		519,174	1,173,000

Consolidated Statement of Financial Position

As at 31st March, 2013

	Note	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000 (Restated)	1st January, 2011 HK\$'000 (Restated)
Non-current assets				
Goodwill	15	71,485	71,485	71,485
Fixed assets	16	150,647	271,012	285,307
Investment properties	17	4,721,327	4,688,129	4,295,946
Interests in associates	18	9,877,290	9,254,430	8,176,515
Interests in jointly controlled entities	19	99,553	194,396	310,876
Held-to-maturity financial assets	20	–	27,265	11,832
Available-for-sale financial assets	21	344,198	407,916	492,639
Loans and advances	22	65,321	41,541	39,297
Other financial asset	23	17,639	–	–
		15,347,460	14,956,174	13,683,897
Current assets				
Properties held for sale		23,033	77,882	22,455
Properties under development	24	2,724,676	1,465,655	1,003,573
Deposits paid for properties under development		–	192,624	119,720
Loans and advances	22	267,160	204,678	199,226
Debtors, prepayments and deposits	25	457,837	166,519	367,827
Financial assets at fair value through profit or loss	26	359,546	228,517	128,927
Other financial asset	23	7,275	18,625	23,198
Client trust bank balances		356,002	550,716	560,850
Restricted cash	27	1,087,363	466,295	308
Treasury bills		9,700	–	9,700
Cash and bank balances		2,127,509	1,085,542	969,164
		7,420,101	4,457,053	3,404,948
Current liabilities				
Bank loans	28	617,583	290,689	588,779
Creditors, accruals and deposits received	29	3,778,437	1,663,713	1,068,566
Current, fixed, savings and other deposits of customers	30	266,786	120,225	138,772
Other financial liabilities	23	35,713	–	–
Tax payable		48,657	53,966	56,760
		4,747,176	2,128,593	1,852,877
Net current assets		2,672,925	2,328,460	1,552,071
Total assets less current liabilities		18,020,385	17,284,634	15,235,968

Consolidated Statement of Financial Position *(continued)*

As at 31st March, 2013

	Note	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000 (Restated)	1st January, 2011 HK\$'000 (Restated)
Non-current liabilities				
Bank loans	28	2,328,354	2,294,405	1,471,212
Other financial liabilities	23	32,440	–	–
Deferred tax liabilities	31	707,059	563,845	490,908
		3,067,853	2,858,250	1,962,120
Net assets		14,952,532	14,426,384	13,273,848
Equity				
Equity attributable to equity holders of the Company				
Issued capital	32	49,316	50,044	50,043
Reserves	34	8,799,246	8,448,142	7,732,345
		8,848,562	8,498,186	7,782,388
Non-controlling interests		6,103,970	5,928,198	5,491,460
		14,952,532	14,426,384	13,273,848

John Luen Wai Lee
Director

Stephen Riady
Director

Consolidated Statement of Changes in Equity

For the fifteen months ended 31st March, 2013

	Attributable to equity holders of the Company													Non-controlling interests	Total equity	
	Issued capital	Share premium account	Share option reserve	Special capital reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total			
	HKS'000	HKS'000	HKS'000	(Note 34 (a)) HKS'000	HKS'000	(Note 34 (b)) HKS'000	(Note 34 (c)) HKS'000	HKS'000	HKS'000	(Note 34 (d)) HKS'000	HKS'000	HKS'000	HKS'000			HKS'000
At 1st January, 2012																
As previously reported	50,044	914,519	24,955	1,709,202	22,035	3,876	458	216,195	25,634	(2,416)	634,562	4,291,440	7,890,504	5,514,733	13,405,237	
Prior year adjustments	-	-	-	-	-	-	-	-	-	-	19,668	588,014	607,682	413,465	1,021,147	
As restated	50,044	914,519	24,955	1,709,202	22,035	3,876	458	216,195	25,634	(2,416)	654,230	4,879,454	8,498,186	5,928,198	14,426,384	
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(10,002)	(10,002)	(9,688)	(19,690)	
Other comprehensive income/(loss) for the period:																
Available-for-sale financial assets:																
Changes in fair value	-	-	-	-	-	-	-	61,341	-	-	-	-	61,341	25,915	87,256	
Reclassification adjustments for disposal	-	-	-	-	-	-	-	(10,857)	-	-	-	-	(10,857)	(4,036)	(14,893)	
Reclassification adjustment relating to disposal of a subsidiary	-	-	-	-	-	-	-	(55,597)	-	-	-	-	(55,597)	(22,423)	(78,020)	
Income tax effect	-	-	-	-	-	-	-	(916)	-	-	-	-	(916)	(719)	(1,635)	
Surplus on revaluation of leasehold land and buildings	-	-	-	-	-	-	-	-	4,976	-	-	-	4,976	3,909	8,885	
Income tax effect on surplus on revaluation of leasehold land and buildings	-	-	-	-	-	-	-	-	(597)	-	-	-	(597)	(469)	(1,066)	
Share of other comprehensive income of associates	-	-	-	-	-	-	-	59,366	-	2,416	165,453	-	227,235	177,824	405,059	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	33,875	-	33,875	27,534	61,409	
Reclassification adjustment relating to deemed disposal of a foreign associate	-	-	-	-	-	-	-	-	-	-	10,504	-	10,504	-	10,504	
Reclassification adjustment relating to derecognition of a foreign associate	-	-	-	-	-	-	-	-	-	-	43,729	-	43,729	17,636	61,365	
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	53,337	4,379	2,416	253,561	(10,002)	303,691	215,483	519,174	
Repurchases of shares	(728)	-	-	-	728	-	-	-	-	-	-	(22,563)	(22,563)	-	(22,563)	
Repurchases of shares by subsidiaries (Note 37)	-	-	-	-	-	-	-	-	-	-	-	20,820	20,820	(32,818)	(11,998)	
Changes in non-controlling interests from the exercise of share options of subsidiaries (Note 37)	-	-	(861)	-	-	-	-	-	-	-	-	(9,416)	(10,277)	15,316	5,039	
Transfer of share option reserve upon expiry of share options	-	-	(23,057)	-	-	-	-	-	-	-	-	23,057	-	-	-	
Transfer of other asset revaluation reserve upon disposal of properties	-	-	-	-	-	-	-	-	(9,860)	-	-	9,860	-	-	-	
Share of equity movements arising on equity transactions of associates	-	-	138	-	-	-	-	-	-	-	-	108,337	108,475	85,146	193,621	
Repayment to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,146)	(20,146)	
Transfer of reserve	-	-	-	-	-	179	1,012	-	-	-	-	(1,191)	-	-	-	
2011 final and special final dividends, declared and paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	-	(34,972)	(34,972)	-	(34,972)	
2012 interim dividend, declared and paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	-	(14,798)	(14,798)	-	(14,798)	
Dividends and distributions, declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(87,209)	(87,209)	
At 31st March, 2013	49,316	914,519	1,175	1,709,202	22,763	4,055	1,470	269,532	20,153	-	907,791	4,948,586	8,848,562	6,103,970	14,952,532	

Consolidated Statement of Changes in Equity *(continued)*

For the fifteen months ended 31st March, 2013

	Attributable to equity holders of the Company													Non-controlling interests	Total equity	
	Issued capital	Share premium account	Share option reserve	Special capital reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total			
	HK\$'000	HK\$'000	HK\$'000	(Note 34 (a)) HK\$'000	HK\$'000	(Note 34 (b)) HK\$'000	(Note 34 (c)) HK\$'000	HK\$'000	HK\$'000	(Note 34 (d)) HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000
At 1st January, 2011																
As previously reported	50,043	914,507	23,920	1,709,202	22,035	3,658	458	275,895	25,634	(3,997)	606,537	3,636,186	7,264,078	5,137,413	12,401,491	
Prior year adjustments	-	-	-	-	-	-	-	-	-	-	26,494	491,816	518,310	354,047	872,357	
As restated	50,043	914,507	23,920	1,709,202	22,035	3,658	458	275,895	25,634	(3,997)	633,031	4,128,002	7,782,388	5,491,460	13,273,848	
Profit for the year (restated)	-	-	-	-	-	-	-	-	-	-	-	698,327	698,327	544,653	1,242,980	
Other comprehensive income(loss) for the year:																
Available-for-sale financial assets:																
Changes in fair value	-	-	-	-	-	-	-	(58,207)	-	-	-	-	(58,207)	(23,728)	(81,935)	
Reclassification adjustments for disposal	-	-	-	-	-	-	-	50	-	-	-	-	50	35	85	
Income tax effect	-	-	-	-	-	-	-	(107)	-	-	-	-	(107)	(106)	(213)	
Share of other comprehensive income(loss) of associates (restated)	-	-	-	-	-	-	-	(1,436)	-	1,581	(49,356)	-	(49,211)	(39,198)	(88,409)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	70,555	-	70,555	29,937	100,492	
Total comprehensive income(loss) for the year	-	-	-	-	-	-	-	(59,700)	-	1,581	21,199	698,327	661,407	511,593	1,173,000	
Issuance of shares upon exercise of warrants	1	12	-	-	-	-	-	-	-	-	-	-	13	-	13	
Changes in non-controlling interests from the exercise of warrants of a subsidiary (restated) (Note 37)	-	-	-	-	-	-	-	-	-	-	-	13,420	13,420	86,249	99,669	
Changes in non-controlling interests without change in control (Note 37)	-	-	-	-	-	-	-	-	-	-	-	4,447	4,447	(129,850)	(125,403)	
Share of equity movements arising on equity transactions of associates (restated)	-	-	1,035	-	-	-	-	-	-	-	-	45,485	46,520	34,400	80,920	
Repayment to a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,581)	(27,581)	
Transfer of reserve	-	-	-	-	-	218	-	-	-	-	-	(218)	-	-	-	
2010 final dividend, declared and paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	-	(10,009)	(10,009)	-	(10,009)	
Dividend and distribution, declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(38,073)	(38,073)	
At 31st December, 2011 (restated)	50,044	914,519	24,955	1,709,202	22,035	3,876	458	216,195	25,634	(2,416)	654,230	4,879,454	8,498,186	5,928,198	14,426,384	

Consolidated Statement of Cash Flows

For the fifteen months ended 31st March, 2013

	Note	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
Cash flows from operating activities			
Cash generated from/(used in) operations	36(a)	203,972	(571,079)
Interest received		41,525	21,410
Dividends received from:			
An associate		11,522	11,483
A jointly controlled entity		3,165	–
Listed investments		3,017	3,281
Unlisted investments		3,459	749
Taxes paid:			
Hong Kong		(2,327)	(4,895)
Overseas		(25,315)	(13,105)
Net cash flows from/(used in) operating activities		239,018	(552,156)
Cash flows from investing activities			
Proceeds from disposals of:			
Fixed assets		136,876	24,410
Investment properties		617,816	133,105
Held-to-maturity financial assets		17,686	–
Available-for-sale financial assets		45,062	58,788
Payments to acquire:			
Fixed assets		(22,054)	(12,642)
Held-to-maturity financial assets		(18,418)	(15,960)
Available-for-sale financial assets		(127,771)	(51,370)
Additions to investment properties		–	(19,086)
Increase in interests in associates		(49,816)	–
Advances to associates		(94,518)	(4,657)
Investment in a jointly controlled entity		(79,066)	–
Decrease in interests in a jointly controlled entity		2,400	–
Repayment from jointly controlled entities		184,104	129,432
Deferred consideration received		–	209,000
Deposits received		–	20,300
Disposal of subsidiaries, net of cash and cash equivalents disposed of	36(b)	173,976	100
Decrease/(Increase) in time deposits with original maturity of more than three months		(200,988)	56,367
Net cash flows from investing activities		585,289	527,787

Consolidated Statement of Cash Flows *(continued)*

For the fifteen months ended 31st March, 2013

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
Cash flows from financing activities		
Interest paid	(128,702)	(63,957)
Drawdown of bank loans <i>(Note)</i>	1,479,422	2,131,510
Repayment of bank and other borrowings <i>(Note)</i>	(1,101,061)	(1,627,677)
Repurchase of shares	(22,563)	–
Repurchase of shares by subsidiaries	(11,998)	–
Exercise of share options by option holders of subsidiaries	5,039	–
Issuance of shares upon exercise of warrants	–	13
Issuance of shares upon exercise of warrants by non-controlling shareholders of a subsidiary	–	99,669
Repayment to non-controlling shareholders of subsidiaries	(20,146)	(27,581)
Payment relating to change in non-controlling interests	–	(125,403)
Dividends paid to shareholders of the Company	(49,770)	(10,009)
Dividends and distributions paid to non-controlling shareholders of subsidiaries	(87,209)	(38,073)
Increase in pledged bank deposits	(39,498)	(168,265)
Net cash flows from financing activities	23,514	170,227
Net increase in cash and cash equivalents	847,821	145,858
Cash and cash equivalents at beginning of period/year	1,085,542	925,162
Exchange realignments	2,858	14,522
Cash and cash equivalents at end of period/year	1,936,221	1,085,542
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	2,127,509	1,085,542
Treasury bills	9,700	–
Time deposits with original maturity of more than three months	(200,988)	–
	1,936,221	1,085,542

Note: The amounts exclude bank loans drawn down by the Group for lending to its margin clients in respect of the initial public offerings. All such bank loans were fully repaid during the period/year.

Statement of Financial Position

As at 31st March, 2013

	Note	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Non-current assets			
Fixed assets	16	1,301	1,739
Interests in subsidiaries	35	3,058,621	3,162,310
Available-for-sale financial assets	21	1,200	1,200
		3,061,122	3,165,249
Current assets			
Debtors, prepayments and deposits	25	1,430	2,876
Financial assets at fair value through profit or loss	26	–	29,658
Cash and bank balances		136,565	111,119
		137,995	143,653
Current liabilities			
Bank loans	28	250,000	97,000
Creditors, accruals and deposits received	29	1,308	3,648
		251,308	100,648
Net current assets/(liabilities)		(113,313)	43,005
Total assets less current liabilities		2,947,809	3,208,254
Non-current liabilities			
Bank loans	28	185,000	383,000
Net assets		2,762,809	2,825,254
Equity			
Issued capital	32	49,316	50,044
Reserves	34	2,713,493	2,775,210
		2,762,809	2,825,254

John Luen Wai Lee
Director

Stephen Riady
Director

Notes to the Financial Statements

1. CORPORATE INFORMATION

Lippo Limited is a limited liability company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China. The registered office of the Company is located at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The principal activity of the Company is investment holding. Its subsidiaries, associates and jointly controlled entities are principally engaged in investment holding, property investment, property development, hotel operation, food business, property management, project management, mineral exploration, extraction and processing, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The immediate holding company and the ultimate holding company of the Company is Lippo Capital Limited ("Lippo Capital") which is incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

Change of financial year end date

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, the current financial period covers a fifteen-month period from 1st January, 2012 to 31st March, 2013 (the "period ended 31st March, 2013"). The comparative figures cover a twelve-month period from 1st January, 2011 to 31st December, 2011 (the "year ended 31st December, 2011"), which may not be comparable with amounts shown for the current period.

Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the period from 1st January, 2012 to 31st March, 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Notes to the Financial Statements *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period's financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the above revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

Notes to the Financial Statements *(continued)*

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(continued)*

In prior years, deferred tax was provided on the basis that the carrying amounts of investment properties will be recovered through use. Upon adoption of HKAS 12 Amendments, deferred tax is provided on the basis that the carrying amounts of the investment properties will be recovered through sale except that the basis of recovery through use will continue to apply to those investment properties which are held with an objective to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. This change in accounting policy has been applied retrospectively and the effects are summarised below:

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
<i>Consolidated income statement</i>		
Increase/(Decrease) in share of results of associates	(10,067)	151,375
Decrease/(Increase) in income tax expense	(77,738)	25,695
Increase/(Decrease) in profit for the period/year	(87,805)	177,070
Attributable to:		
Equity holders of the Company	(61,053)	103,794
Non-controlling interests	(26,752)	73,276
	(87,805)	177,070
Increase/(Decrease) in basic earnings per share (HK cents)	(12)	21
Increase/(Decrease) in diluted earnings per share (HK cents)	(12)	21
<i>Consolidated statement of other comprehensive income</i>		
Increase/(Decrease) in profit for the period/year	(87,805)	177,070
Increase/(Decrease) in share of other comprehensive income of associates	35,603	(12,688)
Increase/(Decrease) in total comprehensive income for the period/year	(52,202)	164,382
Attributable to:		
Equity holders of the Company	(41,056)	96,968
Non-controlling interests	(11,146)	67,414
	(52,202)	164,382

Notes to the Financial Statements *(continued)*

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(continued)*

	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000	1st January, 2011 HK\$'000
<i>Consolidated statement of financial position</i>			
Increase in interests in associates	850,340	791,860	668,765
Decrease in deferred tax liabilities	151,549	229,287	203,592
Increase in net assets	1,001,889	1,021,147	872,357
Increase in exchange equalisation reserve	39,665	19,668	26,494
Increase in retained profits	545,521	588,014	491,816
Increase in non-controlling interests	416,703	413,465	354,047
Increase in equity	1,001,889	1,021,147	872,357

In addition, the Group has changed voluntarily its accounting policy regarding the current/non-current assets classification for properties under development intended for sale. In prior years, the Group classified the properties under development intended for sale as properties under development in non-current assets in the consolidated statement of financial position which would be transferred to properties under development in current assets when the construction was expected to be completed within one year from the end of the reporting period. Under the revised accounting policy, properties under development intended for sale are classified as current assets. In the opinion of the Directors, the financial statements according to the revised policy will provide more relevant information to the users of the financial statements and bring the Group in line with the treatment adopted by other entities in the real estate industry. This change in policy has been applied retrospectively and comparative amounts have been restated. The above change has had no effect on the consolidated income statement and the net assets of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans</i> ²
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i> ²
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 9 and HKFRS 7 Amendments	Amendments to HKFRS 9 and HKFRS 7 — <i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — <i>Transition Guidance</i> ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i> ²
HKFRS 13	<i>Fair Value Measurement</i> ²
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> ³
Amendments to HKAS 36	<i>Recoverable amount disclosures for non-financial assets</i> ²
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²
HK(IFRIC)-Int 21	<i>Levies</i> ²
<i>Annual Improvements 2009–2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012 ²

¹ Effective for annual periods beginning on or after 1st July, 2012

² Effective for annual periods beginning on or after 1st January, 2013

³ Effective for annual periods beginning on or after 1st January, 2014

⁴ Effective for annual periods beginning on or after 1st January, 2015

Further information about those HKFRSs that are expected to significantly affect the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1st April, 2013.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1st April, 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12.

Based on the preliminary analyses performed, HKFRS 10 may affect the accounting for the Group's interests in Auric Pacific Group Limited ("Auric"), Asia Now Resources Corp. ("Asia Now"), and Lippo ASM Asia Property LP ("LAAP").

Auric is a company listed on the Singapore Exchange Securities Trading Limited. The Group's interest in Auric was reduced from 51.2 per cent. to 49.3 per cent. in February 2006, and Auric has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the absolute size of the Group's holding of voting rights and the relative size and dispersion of holdings of other shareholders, the Group has determined that its equity interest held would be sufficient to maintain the control in Auric under HKFRS 10. Upon the adoption of HKFRS 10 on 1st April, 2013, Auric will be treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective, and retrospective adjustments will be made to the relevant previous accounting periods. The assets and liabilities, and income and expenses of Auric will be presented as separate line items in the consolidated statement of financial position and in the consolidated statement of comprehensive income respectively, rather than being presented as one line item in the Group's consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Asia Now is a company listed on the TSX Venture Exchange of Canada. The Group has held approximately 49.9 per cent. in its issued share capital since November 2010, and Asia Now has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the absolute size of the Group's holding of voting rights and the relative size and dispersion of holdings of other shareholders, the Group has determined that its equity interest held would be sufficient to give it control over Asia Now since November 2010 under HKFRS 10. Upon the adoption of HKFRS 10 on 1st April, 2013, Asia Now will be treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective, and retrospective adjustments will be made to the relevant previous accounting periods. The assets and liabilities, and income and expenses of Asia Now will be presented as separate line items in the consolidated statement of financial position and in the consolidated statement of comprehensive income respectively, rather than being presented as one line item in the Group's consolidated financial statements.

LAAP is a limited partnership of which a subsidiary of the Group is a limited partner since 2005. LAAP has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the new definition of control and the additional guidance on the principal-agency relationship set out in HKFRS 10, the Group has determined that its interest held would be sufficient to give it control over LAAP since 2005 under HKFRS 10. Upon the adoption of HKFRS 10 on 1st April, 2013, LAAP will be treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective and retrospective adjustments will be made to the relevant previous accounting periods. The assets (mainly interests in jointly-controlled entities and bank balances) and liabilities as well as income and expenses (mainly the results in jointly-controlled entities) of LAAP will be presented as separate line items in the consolidated statement of financial position and in the consolidated statement of comprehensive income respectively, rather than being presented as one line item in the Group's consolidated financial statements.

The Group is in the process of conducting a detailed review to determine and quantify the overall impact on the application of HKFRS 10 to the financial statements of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1st April, 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1st April, 2013.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1st April, 2013.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its Board of Directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. Interests in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses.

(b) Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Joint ventures *(continued)*

A joint venture is treated as:

- (i) a subsidiary, if the Group, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its Board of Directors; or over which the Group has a contractual right to exercise a dominant influence with respect to the joint venture's financial and operating policies;
- (ii) a jointly controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;
- (iii) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20 per cent. of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or
- (iv) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20 per cent. of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

(c) Jointly controlled entities

A jointly controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity.

The Group's interests in jointly controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly controlled entities is included as part of the Group's interests in jointly controlled entities. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of jointly controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in jointly controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Associates

An associate is an entity, not being a subsidiary or a jointly controlled entity, in which the Group has a long term interest of generally not less than 20 per cent. of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's interests in associates and is not individually tested for impairment. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Business combinations and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

(f) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties, properties held for sale and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of fixed assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of fixed assets are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land under finance leases and buildings	Over the remaining lease terms
Leasehold improvements	Over the unexpired terms of the leases
Furniture, fixtures, plant and equipment	10 per cent. to 33 ¹ / ₃ per cent.
Motor vehicles	12 per cent. to 25 per cent.

Where parts of an item of fixed assets have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of fixed assets including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(h) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. When fair value is not reliably determinable for the properties under development, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Investment properties *(continued)*

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of investment properties are recognised in the income statement in the year of the retirement or disposal.

For a transfer from investment properties to properties under development or owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Fixed assets and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with as movements in the other asset revaluation reserve. On disposal of the asset, the relevant portion of the other asset revaluation reserve realised in respect of previous valuations is transferred to the retained profits as a movement in reserves.

(i) Properties under development

Properties under development intended for sale are classified as current assets and stated at the lower of cost and net realisable value. Properties being constructed or developed as investment properties are classified as investment properties and accounted for in accordance with the policy stated under "Investment properties". Other properties under development are stated at cost less any impairment losses. Costs comprise the cost of land, development expenditure, other attributable costs and borrowing costs capitalised. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(j) Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets at fair value through profit or loss which are under regular way of purchases or sales are recognised on the trade date, that is, the date the Group commits to purchase or sell the asset. All regular way purchases or sales of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets are recognised on the settlement date, that is, the date the asset is received or delivered by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity financial assets depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using FVO at designation, as these instruments cannot be reclassified after initial recognition.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the income statement. The loss arising from impairment is recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the income statement. The loss arising from impairment is recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Investments and other financial assets *(continued)*

Subsequent measurement (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities, debt securities and investment funds. Equity investments and investment funds classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the investment revaluation reserve until the financial assets are derecognised, at which time the cumulative gain or loss is recognised in the income statement, or until the financial assets are determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the investment revaluation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Revenue" in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities, debt securities and investment funds cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that financial asset, or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities and funds are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written-off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of financial assets *(continued)*

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

(l) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- (i) the rights to receive cash flows from the asset have expired; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Derecognition of financial assets *(continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include bank and other borrowings, creditors, accruals and deposits received, current, fixed, savings and other deposits of customers and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial liabilities *(continued)*

Subsequent measurement (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

(n) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

(o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(p) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows). Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond twelve months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

(r) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value which is determined by reference to prevailing market prices, on an individual property basis.

(s) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) rental income, in the period in which the properties are let and on the straight-line basis over the lease terms. Contingent rent, which is determined based on a factor other than just the passage of time, is recognised when the Group's entitlement to receive payment has been established in accordance with the terms of the agreements;
- (ii) income from the sale of properties, on the exchange of legally binding unconditional sales contracts or when the relevant completion certificates are issued by the respective government authorities, whichever is later;
- (iii) dealings in securities and sale of investments, on the transaction dates when the relevant contract notes are exchanged or the settlement dates when the securities are delivered;
- (iv) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instruments to the net carrying amount of the financial assets;
- (v) dividend income, when the shareholders' right to receive payment has been established;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Revenue recognition *(continued)*

- (vi) commission income, in the period when receivable, unless it is charged to cover the costs of a continuing service to, or risk borne for, customers, or is interest income in nature. In this case, commission income is recognised on a pro rata basis over the relevant period; and
- (vii) investment advisory, management and service fee income, when the services have been rendered.

(t) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Income tax *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(u) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

(v) Employee benefits

Paid leave entitlement

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward at the end of each reporting period.

Retirement benefits

The Group operates defined contribution Mandatory Provident Fund retirement benefit schemes (the "MPF Schemes") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Schemes. Contributions are made based on a percentage of the employees' relevant income and are charged to the income statement as they become payable in accordance with the rules of the MPF Schemes. The assets of the MPF Schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Schemes except for the Group's employer voluntary contributions forfeited when the employees leave employment prior to fully vesting in such contributions, which can be used to reduce the amount of future employer contributions or to offset against future administration expenses, in accordance with the rules of the MPF Schemes.

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made to the central pension scheme based on a percentage of the employees' relevant income and are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) **Employee benefits** *(continued)*

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the Group as consideration cannot be specifically identified, the unidentifiable goods or services are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an adjusted Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(x) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in fixed assets.

(y) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks, demand deposits, treasury bills, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand, cash at banks, demand deposits and treasury bills which are not restricted as to use.

The carrying amounts of cash and bank balances, treasury bills and restricted cash approximate to their fair values.

(z) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(z) Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries, jointly controlled entities and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange equalisation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows or at an approximation thereto, the weighted average exchange rates for the year. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

(aa) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ab) Dividends and distributions

Final dividends and distributions proposed by the Directors after the end of the reporting period are not recognised as a liability at the end of the reporting period. When these dividends and distributions have been approved by the shareholders and declared in a general meeting, they are recognised as a liability.

Interim dividends and distributions are simultaneously proposed and declared because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends and distributions. Consequently, interim dividends and distributions are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill arising from acquisition of a subsidiary at 31st March, 2013 was HK\$71,485,000 (31st December, 2011 — HK\$71,485,000). Further details are given in Note 15 to the financial statements.

Estimation of fair value of investment properties

The best evidence of fair value is the current prices in an active market for similar lease terms and other contracts. In the absence of such information, the Group considers information from a variety of sources, including (i) by reference to independent valuations; (ii) the current prices in an active market for properties of a different nature, condition and location (or subject to different leases or other contracts), adjusted to reflect those differences; (iii) the recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts, and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assessment about the decline in value to determine whether there is an impairment that should be recognised in the income statement. Impairment losses of HK\$23,251,000 (year ended 31st December, 2011 — Nil) has been recognised for available-for-sale financial assets for the period. The carrying amount of available-for-sale financial assets as at 31st March, 2013 was HK\$344,198,000 (31st December, 2011 — HK\$407,916,000).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments as follows:

- (a) the property investment segment includes letting and resale of properties;
- (b) the property development segment includes development and sale of properties;
- (c) the treasury investment segment includes investments in cash and bond markets;
- (d) the securities investment segment includes dealings in securities and disposals of investments;
- (e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (f) the banking business segment engages in the provision of commercial and retail banking services; and
- (g) the "other" segment comprises principally mineral exploration, extraction and processing, food business, the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Inter-segment transactions are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)* Period ended 31st March, 2013

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Corporate finance and securities broking HK\$'000	Banking business HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	284,166	77,713	19,656	32,272	41,828	19,124	53,462	-	528,221
Inter-segment	12,973	-	-	-	-	-	9,811	(22,784)	-
Total	297,139	77,713	19,656	32,272	41,828	19,124	63,273	(22,784)	528,221
Segment results	850,069	(62,786)	19,292	48,066	(14,746)	612	(43,598)	(9,129)	787,780
	<i>(Note)</i>								
Unallocated corporate expenses									(335,298)
Finance costs									(108,438)
Share of results of associates	(271,560)	53,204	-	-	-	-	13,810	-	(204,546)
Share of results of jointly controlled entities	(124)	(147)	-	-	-	-	(28)	-	(299)
Profit before tax									139,199
Segment assets	4,939,810	4,433,569	1,763,243	723,039	449,713	391,854	45,656	(1,829)	12,745,055
Interests in associates	8,251,319	763,671	-	-	778	-	861,522	-	9,877,290
Interests in jointly controlled entities	78,942	20,611	-	-	-	-	-	-	99,553
Unallocated assets									45,663
Total assets									22,767,561
Segment liabilities	537,680	3,515,006	-	511,458	387,826	274,927	652,534	(1,869,925)	4,009,506
Unallocated liabilities									3,805,523
Total liabilities									7,815,029
Other segment information:									
Capital expenditure	6,433	1,555	-	-	542	2,328	394	-	11,252
Depreciation	(3,456)	(1,151)	-	-	(632)	(1,312)	(788)	-	(7,339)
Write-back of allowance for bad and doubtful debts relating to:									
Banking operation	-	-	-	-	-	558	-	-	558
Non-banking operations	-	-	-	-	4,770	-	-	-	4,770
Gain on disposal of:									
Investment properties	68,282	-	-	-	-	-	-	-	68,282
Subsidiaries	-	-	-	68,891	-	-	600	-	69,491
Available-for-sale financial assets	-	-	-	19,531	-	-	-	-	19,531
Write-back of provision/(Provisions) for impairment losses:									
Associates	-	-	-	-	-	-	(36,771)	-	(36,771)
A jointly controlled entity	-	(2,219)	-	-	-	-	-	-	(2,219)
Available-for-sale financial assets	-	-	-	(23,251)	-	-	-	-	(23,251)
Properties held for sale	465	-	-	-	-	-	-	-	465
Properties under development	-	(156)	-	-	-	-	-	-	(156)
Net fair value loss on financial instruments at fair value through profit or loss	-	-	-	(44,286)	-	-	-	-	(44,286)
Fair value gains on investment properties	554,728	-	-	-	-	-	-	-	554,728
Unallocated:									
Capital expenditure									10,802
Depreciation									(9,128)
Net fair value loss on financial instruments at fair value through profit or loss									(15,381)

Note: The amount included fair value gains on investment properties of HK\$554,728,000.

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)* Year ended 31st December, 2011 (restated)

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Corporate finance and securities broking HK\$'000	Banking business HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	222,446	–	8,029	18,364	43,831	11,393	34,099	–	338,162
Inter-segment	10,693	–	–	–	–	–	11,227	(21,920)	–
Total	233,139	–	8,029	18,364	43,831	11,393	45,326	(21,920)	338,162
Segment results	541,262	(96,055)	7,064	(8,267)	(21,281)	136	(18,327)	(11,227)	393,305
	(Note)								
Unallocated corporate expenses									(172,848)
Finance costs									(67,231)
Share of results of associates	854,863	240,701	–	–	–	–	30,612	–	1,126,176
Share of results of jointly controlled entities	–	18,786	–	–	–	–	(9)	–	18,777
Profit before tax									1,298,179
Segment assets	4,962,385	2,370,243	898,875	685,587	674,841	267,081	51,420	–	9,910,432
Interests in associates	7,843,726	644,522	–	–	778	–	765,404	–	9,254,430
Interests in jointly controlled entities	–	190,101	–	–	–	–	4,295	–	194,396
Unallocated assets									53,969
Total assets									19,413,227
Segment liabilities	1,874,886	876,986	–	232,561	597,098	122,958	288,697	(2,304,054)	1,689,132
Unallocated liabilities									3,297,711
Total liabilities									4,986,843
Other segment information:									
Capital expenditure	49	1,311	–	–	792	535	780	–	3,467
Depreciation	(3,290)	(796)	–	–	(377)	(1,620)	(675)	–	(6,758)
Write-back of allowance/(Allowance) for bad and doubtful debts relating to:									
Banking operation	–	–	–	–	–	111	–	–	111
Non-banking operations	–	–	–	–	(12,214)	–	6,628	–	(5,586)
Loss on disposal of subsidiaries	–	–	–	–	–	–	(15,776)	–	(15,776)
Provisions for impairment losses:									
Associates	–	–	–	–	–	–	(419)	–	(419)
A jointly controlled entity	–	–	–	–	–	–	(16)	–	(16)
Properties under development	–	(49,954)	–	–	–	–	–	–	(49,954)
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(26,917)	–	–	–	–	(26,917)
Fair value gains on investment properties	368,397	–	–	–	–	–	–	–	368,397
Unallocated:									
Capital expenditure									9,175
Depreciation									(8,101)

Note: The amount included fair value gains on investment properties of HK\$368,397,000.

4. SEGMENT INFORMATION *(continued)***Geographical information****(a) Revenue from external customers**

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Hong Kong	142,705	118,575
Macau	24,718	14,184
Mainland China	250,527	183,870
Republic of Singapore	96,844	11,577
Other	13,427	9,956
	528,221	338,162

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000 (Restated)
Hong Kong	1,187,292	1,659,154
Macau	153,280	132,224
Mainland China	3,633,252	3,191,904
Republic of Singapore	9,669,288	9,343,060
Other	277,190	153,110
	14,920,302	14,479,452

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about a major customer

Revenue of approximately HK\$77,713,000 was derived from sale by the property development segment to a single customer. No revenue from a single customer accounted for 10 per cent. or more of the total revenue for the year ended 31st December, 2011.

Notes to the Financial Statements *(continued)*

5. REVENUE

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, gross proceeds from sales of properties, gross income on treasury investment which includes interest income on bank deposits and debt securities, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, gross income from underwriting and securities broking, gross interest income, commissions, dealing income and other revenue from a banking subsidiary, gross income from property and project management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

An analysis of the revenue of the Group by principal activity is as follows:

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Property investment	284,166	222,446
Property development	77,713	–
Treasury investment	19,656	8,029
Securities investment	32,272	18,364
Corporate finance and securities broking	41,828	43,831
Banking business	19,124	11,393
Other	53,462	34,099
	528,221	338,162

Revenue attributable to the banking business represents revenue generated from The Macau Chinese Bank Limited ("MCB"), a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China. Revenue attributable to the banking business is analysed as follows:

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Interest income	14,847	9,199
Commission income	3,619	1,916
Other revenue	658	278
	19,124	11,393

Notes to the Financial Statements *(continued)*

6. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging):

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Gross rental income <i>(Note (a))</i>	284,166	222,446
Less: Outgoings	(30,007)	(21,365)
Net rental income	254,159	201,081
Employee benefit expense <i>(Note (b))</i> :		
Wages and salaries	(212,573)	(153,376)
Retirement benefits costs <i>(Note (c))</i>	(7,581)	(4,565)
Total staff costs	(220,154)	(157,941)
Interest income:		
Unlisted financial assets at fair value through profit or loss	51	324
Listed available-for-sale financial assets	4,039	1,526
Listed held-to-maturity financial assets	1,030	1,770
Loans and advances	1,932	2,009
Banking business	14,847	9,199
Other	19,656	8,029
Dividend income:		
Listed investments	3,242	3,281
Unlisted investments	3,459	749
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	17,566	5,230
Unlisted financial assets at fair value through profit or loss	2,885	5,484
Listed available-for-sale financial assets	20,188	–
Unlisted available-for-sale financial assets	(657)	4,767
Listed held-to-maturity financial assets	570	–
Net fair value gain/(loss) on:		
Listed financial assets at fair value through profit or loss	(28,959)	(21,150)
Unlisted financial assets at fair value through profit or loss	4,611	(1,194)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	(8,589)	–
Derivative financial instruments	(26,730)	(4,573)
Write-back of provision/(Provisions) for impairment losses:		
Unlisted available-for-sale financial assets	(23,251)	–
A jointly controlled entity <i>(Note (d))</i>	(2,219)	(16)
Properties held for sale <i>(Note (d))</i>	465	–
Write-back of allowance/(Allowance) for bad and doubtful debts	5,328	(5,475)
Interest expense attributable to the banking business	(2,640)	(738)
Depreciation	(16,467)	(14,859)
Gain/(Loss) on disposal of fixed assets:		
Leasehold properties	8,826	10,294
Other items of fixed assets	(287)	(191)
Gain on disposal of properties held for sale	15,798	–
Foreign exchange gains — net	12,761	9,275
Auditors' remuneration	(7,528)	(5,403)
Minimum lease payments under operating lease rentals in respect of land and buildings	(31,886)	(27,223)

Notes to the Financial Statements *(continued)*

6. PROFIT BEFORE TAX *(continued)*

Note:

- (a) The amounts include contingent rents under operating leases of HK\$12,931,000 (year ended 31st December, 2011 — HK\$12,953,000).
- (b) The amounts include the Directors' emoluments disclosed in Note 7 to the financial statements.
- (c) The amounts of forfeited voluntary contributions available to offset future employer contributions against the pension schemes were not material at the period/year end.
- (d) The amounts are included in "Other operating expenses" in the consolidated income statement.

7. DIRECTORS' EMOLUMENTS

Directors' emoluments for the period/year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Directors' fees	3,109	2,508
Basic salaries, housing and other allowances and benefits in kind	10,220	10,723
Discretionary bonuses paid and payable	11,500	11,000
Retirement benefits costs	179	102
	25,008	24,333

Notes to the Financial Statements *(continued)*

7. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid to each of the directors during the period ended 31st March, 2013 are as follows:

Period ended 31st March, 2013	Directors' fees HK\$'000	Basic salaries, housing and other allowances and benefits in kind HK\$'000	Discretionary bonuses paid and payable HK\$'000	Retirement benefits costs HK\$'000	Total HK\$'000
Executive directors:					
Stephen Riady	–	6,356	9,000	45	15,401
John Luen Wai Lee	59	2,512	2,500	36	5,107
Jark Pui Lee	–	1,352	–	98	1,450
	59	10,220	11,500	179	21,958
Non-executive director:					
Leon Nim Leung Chan	844	–	–	–	844
Independent non-executive directors:					
Edwin Neo	525	–	–	–	525
King Fai Tsui	843	–	–	–	843
Victor Ha Kuk Yung	838	–	–	–	838
	2,206	–	–	–	2,206
	3,109	10,220	11,500	179	25,008

Notes to the Financial Statements *(continued)*

7. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid to each of the directors during the year ended 31st December, 2011 are as follows:

Year ended 31st December, 2011	Directors' fees HK\$'000	Basic salaries, housing and other allowances and benefits in kind HK\$'000	Discretionary bonuses paid and payable HK\$'000	Retirement benefits costs HK\$'000	Total HK\$'000
Executive directors:					
Stephen Riady	–	7,708	8,000	–	15,708
John Luen Wai Lee	59	1,991	3,000	24	5,074
Jark Pui Lee	–	1,024	–	78	1,102
	59	10,723	11,000	102	21,884
Non-executive director:					
Leon Nim Leung Chan	709	–	–	–	709
Independent non-executive directors:					
Edwin Neo	420	–	–	–	420
King Fai Tsui	650	–	–	–	650
Victor Ha Kuk Yung	670	–	–	–	670
	1,740	–	–	–	1,740
	2,508	10,723	11,000	102	24,333

There were no arrangements under which a Director waived or agreed to waive any emoluments during the period/year.

Details of the share options granted to the Directors are set out in Note 33 to the financial statements.

8. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the period included two Directors (year ended 31st December, 2011 — two Directors), details of whose emoluments are set out in Note 7 to the financial statements. Details of the emoluments of the remaining three (year ended 31st December, 2011 — three) non-director, highest paid employees for the period/year are as follows:

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Basic salaries, housing and other allowances and benefits in kind	7,544	5,340
Discretionary bonuses paid and payable	37,000	18,479
Retirement benefits costs	103	127
	44,647	23,946

The number of non-director, highest paid employees whose emoluments fell within the following bands is as follows:

Emoluments bands (HK\$):	Group	
	Period ended 31st March, 2013 Number of employees	Year ended 31st December, 2011 Number of employees
4,000,001 – 4,500,000	2	–
4,500,001 – 5,000,000	–	1
5,500,001 – 6,000,000	–	1
13,000,001 – 13,500,000	–	1
35,000,001– 40,000,000	1	–
	3	3

Notes to the Financial Statements *(continued)*

9. FINANCE COSTS

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Interest on bank loans wholly repayable within five years	167,227	68,135
Interest on other loans	–	23,413
Total interest	167,227	91,548
Less: Interest capitalised	(58,789)	(24,317)
	108,438	67,231

The amount excluded interest expense incurred by a banking subsidiary of the Group.

10. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included the Group's share of loss in LAAP of approximately HK\$271,560,000 (year ended 31st December, 2011 — share of profit of HK\$854,866,000, restated) and share of profit from Lippo Marina Collection Pte. Ltd. ("Lippo Marina") of approximately HK\$124,598,000 (year ended 31st December, 2011 — HK\$264,331,000). LAAP, a fund which carries the objective of investing in real estate and hospitality service businesses in Asia, invested in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore which is principally engaged in property investment and development and hotel operations. The change in share of results was mainly attributable to the absence of a substantial fair value gain over an investment property of OUE which was recognised upon the completion of development in 2011 and the higher finance costs incurred during the period. Lippo Marina was set up for the purpose of a property development project in Singapore, namely Marina Collection. The share of profit mainly arose from the sale of properties during the period.

11. INCOME TAX

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
Hong Kong:		
Charge for the period/year	6,296	4,333
Overprovision in prior years	(3,659)	(4,884)
Deferred <i>(Note 31)</i>	2,090	371
	4,727	(180)
Overseas:		
Charge for the period/year	18,656	14,976
Underprovision/(Overprovision) in prior years	940	(378)
Deferred <i>(Note 31)</i>	134,566	40,781
	154,162	55,379
Total charge for the period/year	158,889	55,199

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (year ended 31st December, 2011 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period/year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

Notes to the Financial Statements *(continued)*

11. INCOME TAX *(continued)*

A reconciliation of the tax charge applicable to profit before tax at the statutory rates for the countries/ jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
Profit before tax	139,199	1,298,179
Tax at the statutory tax rate of 16.5 per cent. (year ended 31st December, 2011 — 16.5 per cent.)	22,968	214,200
Effect of different tax rates in other jurisdictions	38,901	25,178
Adjustments in respect of current tax of previous years	(2,719)	(5,262)
Profits and losses attributable to jointly controlled entities and associates	33,799	(188,917)
Income not subject to tax	(53,734)	(46,974)
Expenses not deductible for tax	67,100	24,474
Effect of withholding tax of 10 per cent. on the distributable profits of the Group's subsidiary in mainland China	–	(1,317)
Tax losses utilised from previous years	(4,048)	(523)
Tax losses not recognised	56,622	34,340
Tax charge at the Group's effective rate	158,889	55,199

For the companies operating in the Republic of Singapore, Macau and mainland China, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 17 per cent., 12 per cent. and 25 per cent. (year ended 31st December, 2011 — 17 per cent., 12 per cent. and 25 per cent.), respectively.

The share of tax credit attributable to associates amounting to HK\$41,537,000 (year ended 31st December, 2011 — charge of HK\$58,070,000, restated) and the share of tax credit attributable to jointly controlled entities of HK\$329,000 (year ended 31st December, 2011 — charge of HK\$2,661,000) are included in "Share of results of associates" and "Share of results of jointly controlled entities" on the face of the consolidated income statement, respectively.

12. RESULTS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated results attributable to equity holders of the Company for the period includes a profit of HK\$9,888,000 (year ended 31st December, 2011 — HK\$6,805,000) which has been dealt with in the financial statements of the Company as set out in Note 34 to the financial statements.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the period/year attributable to equity holders of the Company; and (ii) the weighted average number of 496,694,000 ordinary shares (year ended 31st December, 2011 — 500,435,000 ordinary shares) in issue during the period/year.

(b) Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the period ended 31st March, 2013 and the year ended 31st December, 2011 as the share options and warrants outstanding during the period/year had no dilutive effect on the basic earnings/(loss) per share amounts presented.

14. DIVIDENDS

	Group and Company	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Interim dividend, declared, of HK3 cents (year ended 31st December, 2011 — Nil) per ordinary share	14,955	–
Final dividend, proposed, of HK4 cents (year ended 31st December, 2011 — HK4 cents) per ordinary share	19,726	20,017
2011 special final dividend, proposed, of HK3 cents per ordinary share	–	15,013
	34,681	35,030

The proposed final dividend for the period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

15. GOODWILL

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Cost:		
Balance at beginning and end of period/year	178,050	178,050
Accumulated impairment:		
Balance at beginning and end of period/year	106,565	106,565
Net carrying amount	71,485	71,485

Notes to the Financial Statements *(continued)*

15. GOODWILL *(continued)*

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to the banking business cash-generating unit, which is a reportable segment, for impairment testing.

The recoverable amount of the banking business cash-generating unit is determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projection is 8 per cent. (31st December, 2011 — 5 per cent.). The growth rate used to extrapolate the cash flows of the banking business beyond the five-year period is assumed to be nil.

16. FIXED ASSETS

Group

Period ended 31st March, 2013	Leasehold land and buildings HK\$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:			
At 1st January, 2012	292,998	188,593	481,591
Additions during the period	29	22,025	22,054
Surplus on revaluation	8,885	–	8,885
Reclassified to investment properties	(11,568)	–	(11,568)
Disposals during the period	(101,661)	(53,179)	(154,840)
Exchange adjustments	3,948	1,411	5,359
At 31st March, 2013	192,631	158,850	351,481
Accumulated depreciation and impairment losses:			
At 1st January, 2012	59,875	150,704	210,579
Depreciation provided for the period	5,185	11,282	16,467
Reclassified to investment properties	(219)	–	(219)
Disposals during the period	(2,084)	(24,419)	(26,503)
Exchange adjustments	56	454	510
At 31st March, 2013	62,813	138,021	200,834
Net book value:			
At 31st March, 2013	129,818	20,829	150,647

16. FIXED ASSETS *(continued)***Group**

Year ended 31st December, 2011	Leasehold land and buildings HK\$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:			
At 1st January, 2011	305,134	186,167	491,301
Additions during the year	–	12,642	12,642
Reclassified from investment properties	3,123	–	3,123
Disposals during the year	(14,500)	(10,278)	(24,778)
Exchange adjustments	(759)	62	(697)
At 31st December, 2011	292,998	188,593	481,591
Accumulated depreciation and impairment losses:			
At 1st January, 2011	55,614	150,380	205,994
Depreciation provided for the year	4,734	10,125	14,859
Disposals during the year	(572)	(9,899)	(10,471)
Exchange adjustments	99	98	197
At 31st December, 2011	59,875	150,704	210,579
Net book value:			
At 31st December, 2011	233,123	37,889	271,012

Certain leasehold land and buildings have been mortgaged to secure banking facilities made available to the Group as set out in Note 28 to the financial statements.

Notes to the Financial Statements *(continued)*

16. FIXED ASSETS *(continued)*

The net book value of the leasehold land and buildings comprises:

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Long term leasehold land and buildings situated in Hong Kong	121,096	124,940
Leasehold land and buildings situated outside Hong Kong under:		
Long term leases	–	96,684
Medium term leases	8,722	11,499
	8,722	108,183
	129,818	233,123

Company

	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Cost:		
Balance at beginning of period/year	1,953	1,715
Additions during the period/year	38	1,858
Disposals during the period/year	(5)	(1,620)
Balance at end of period/year	1,986	1,953
Accumulated depreciation:		
Balance at beginning of period/year	214	1,701
Depreciation provided for the period/year	476	133
Disposals during the period/year	(5)	(1,620)
Balance at end of period/year	685	214
Net book value	1,301	1,739

17. INVESTMENT PROPERTIES

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Long term leasehold land and buildings situated in Hong Kong:		
Balance at beginning of period/year	1,524,250	1,366,800
Disposals during the period/year	(549,534)	(51,500)
Fair value adjustments	76,684	208,950
Balance at end of period/year	1,051,400	1,524,250
Medium term leasehold land and buildings situated outside Hong Kong:		
Balance at beginning of period/year	3,132,056	2,898,265
Additions during the period/year	–	19,086
Reclassified from/(to) fixed assets	11,349	(3,123)
Disposals during the period/year	–	(81,836)
Fair value adjustments	471,458	158,290
Exchange adjustments	16,003	141,374
Balance at end of period/year	3,630,866	3,132,056
Freehold land and buildings situated outside Hong Kong:		
Balance at beginning of period/year	31,823	30,881
Fair value adjustments	6,586	1,157
Exchange adjustments	652	(215)
Balance at end of period/year	39,061	31,823
	4,721,327	4,688,129

Based on professional valuations as at 31st March, 2013 made by Vigers Appraisal and Consulting Limited, an independent qualified valuer, the investment properties in Hong Kong were revalued on an open market, existing use basis at HK\$1,051,400,000 (31st December, 2011 — HK\$1,524,250,000).

Based on professional valuations as at 31st March, 2013 made by Asian Appraisal Company, Inc., CBRE, Inc., Colliers International (Hong Kong) Ltd and RHL Appraisal Limited, independent qualified valuers on an open market, existing use basis and by reference to the disposal value of an investment property which will be disposed of to an independent third party subsequent to the end of the reporting period, the investment properties situated outside Hong Kong were revalued at HK\$3,669,927,000 (31st December, 2011 — HK\$3,163,879,000).

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 28 to the financial statements.

Notes to the Financial Statements *(continued)*

18. INTERESTS IN ASSOCIATES

	31st March, 2013	Group	
		31st December, 2011	1st January, 2011
	HK\$'000	HK\$'000	HK\$'000
		(Restated)	(Restated)
Share of net assets in listed investments	775,659	752,504	753,318
Share of net assets in unlisted investments	8,626,133	8,144,948	7,067,143
Goodwill	75,973	45,905	45,905
Due from associates	606,668	548,002	550,035
	10,084,433	9,491,359	8,416,401
Provisions for impairment losses	(207,143)	(236,929)	(239,886)
	9,877,290	9,254,430	8,176,515
Market value of listed investments	552,438	330,265	361,042

The balance as at 31st March, 2013 included the Group's interest in LAAP of approximately HK\$8,245,354,000 (31st December, 2011 — HK\$7,837,681,000, restated). Certain bank facilities under LAAP were secured by certain listed shares held under it. The Group and LAAP underwent a corporate restructuring which was completed in April 2013, upon which LAAP became a wholly-owned subsidiary of the Group. As part of the corporate restructuring, a joint venture was set up under LAAP to hold the controlling stake in OUE.

The balances with the associates include a loan of HK\$36,534,000 (31st December, 2011 — HK\$36,558,000), which bears interest at 8.5 per cent. per annum and is repayable on demand. The balances with the associates include another loan of HK\$15,526,000 (31st December, 2011 — Nil), which bears interest at five-year United States Treasury bill rate per annum and is repayable in 2013.

The remaining balances with the associates are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, such balances are considered as quasi-equity investments in the associates.

During the period, the Directors reviewed the carrying amount of the associates with reference to their business performances prepared by the investees' management. Impairment loss of HK\$36,771,000 (year ended 31st December, 2011 — Nil) has been charged to the consolidated income statement for the period.

Notes to the Financial Statements *(continued)*

18. INTERESTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information of the Group's associates:

	31st March, 2013 HK\$'000	Group 31st December, 2011 HK\$'000 (Restated) <i>(Note)</i>	1st January, 2011 HK\$'000 (Restated) <i>(Note)</i>
Assets	18,775,126	24,266,593	22,439,357
Liabilities	(7,933,807)	(14,024,183)	(13,382,483)

	Period ended 31st March, 2013 HK\$'000	Group Year ended 31st December, 2011 HK\$'000 (Restated) <i>(Note)</i>
Revenue	4,153,413	4,122,774
Profit/(Loss)	(196,097)	1,160,789

Note:

An investee company of an associate was treated as a subsidiary of the associate and was consolidated by the associate in prior years. In the current period, it was considered that the investee entity should be treated as a jointly controlled entity of the associate and equity accounted for. Such change has been applied retrospectively and reflected in the comparative summarised financial information.

Details of the principal associates are set out on pages 148 and 149.

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	31st March, 2013 HK\$'000	Group 31st December, 2011 HK\$'000
Share of net assets in unlisted investments	86,518	45,723
Due from jointly controlled entities	15,254	149,701
Provisions for impairment losses	101,772 (2,219)	195,424 (1,028)
	99,553	194,396

Notes to the Financial Statements *(continued)*

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

The balances with the jointly controlled entities include a loan of HK\$3,981,000 (31st December, 2011 — HK\$3,984,000), which is secured by certain shares of a jointly controlled entity, bears interest at the United States dollar prime rate plus 2 per cent. per annum and has no fixed terms of repayment. The loan is neither overdue nor impaired and the carrying amount approximates to its fair value.

The remaining balances with the jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, such balances are considered as quasi-equity investments in the jointly controlled entities.

The following table illustrates the summarised financial information of the Group's jointly controlled entities:

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Share of the jointly controlled entities' assets and liabilities:		
Current assets	434,357	505,591
Non-current assets	3,065	2,737
Current liabilities	(69,523)	(69,418)
Non-current liabilities	(266,127)	(243,486)
Net assets	101,772	195,424
Share of the jointly controlled entities' capital commitments	56,291	170,333
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Share of the jointly controlled entities' results:		
Revenue	205	331,570
Total expenses	(504)	(312,793)
Profit/(Loss) after tax	(299)	18,777

Details of the principal jointly controlled entities are set out on page 150.

20. HELD-TO-MATURITY FINANCIAL ASSETS

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Debt securities, at amortised cost:		
Listed in Hong Kong	–	8,083
Listed overseas	–	19,182
	–	27,265
Market value of listed debt securities	–	26,654

As at 31st December, 2011, the debt securities bore interest at effective rates ranging from 6 per cent. to 9 per cent. per annum.

During the period ended 31st March, 2013, the Group sold more than an insignificant amount of held-to-maturity financial assets before maturity. The Group reclassified the remaining held-to-maturity financial assets as available-for-sale financial assets, which amounted to HK\$28,363,000.

An analysis of the issuers of held-to-maturity financial assets is as follows:

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Corporate entities	–	15,889
Banks and other financial institutions	–	11,376
	–	27,265

Notes to the Financial Statements *(continued)*

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Financial assets stated at fair value:				
Equity securities listed overseas	155,950	300,925	–	–
Debt securities listed in Hong Kong	51,609	3,407	–	–
Debt securities listed overseas	18,018	18,388	–	–
Unlisted investment funds	20,834	52,943	–	–
	246,411	375,663	–	–
Financial assets stated at cost:				
Unlisted equity securities	201,556	113,546	8,920	8,920
Unlisted debt securities	11,663	11,663	1,200	1,200
Unlisted investment funds	16,236	15,461	–	–
	229,455	140,670	10,120	10,120
Provisions for impairment losses	(131,668)	(108,417)	(8,920)	(8,920)
	97,787	32,253	1,200	1,200
	344,198	407,916	1,200	1,200

The debt securities bear interest at effective rates ranging from nil to 10 per cent. (31st December, 2011 — nil to 10 per cent.) per annum.

An analysis of the issuers of available-for-sale financial assets is as follows:

	Group		Company	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Equity securities:				
Corporate entities	357,506	414,471	8,920	8,920
Debt securities:				
Club debentures	11,663	11,663	1,200	1,200
Corporate entities	52,583	11,704	–	–
Banks and other financial institutions	17,044	10,091	–	–
	81,290	33,458	1,200	1,200

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

During the period, the gross gain in respect of the Group's available-for-sale financial assets recognised in consolidated other comprehensive income amounted to HK\$87,256,000 (year ended 31st December, 2011 — loss of HK\$81,935,000), of which HK\$14,893,000 (year ended 31st December, 2011 — loss of HK\$85,000) was reclassified from consolidated other comprehensive income to the consolidated income statement for the period/year upon disposal.

The available-for-sale financial assets consist of investments in equity securities and investment funds which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

Apart from the above, certain unlisted available-for-sale financial assets issued by private entities are measured at cost less impairment at the end of the reporting period. The Directors consider that information to be applied in the valuation techniques cannot be reliably obtained on a continuous basis. The fair values of these unlisted available-for-sale financial assets cannot be reliably measured.

During the period, the Directors reviewed the carrying amount of available-for-sale financial assets with reference to their business performances prepared by the investees' management. Impairment loss of HK\$23,251,000 (year ended 31st December, 2011 — Nil) has been charged to the consolidated income statement for the period/year.

During the year ended 31st December, 2008, the Group had reclassified certain of its debt instruments from the fair value through profit or loss category into the available-for-sale category due to the change of its intention from holding these debt instruments for the purpose of trading in the near term to holding them for the foreseeable future. As at 31st March, 2013, these debt instruments were stated at fair value of HK\$974,000 (31st December, 2011 — HK\$8,297,000). Had the reclassification not taken place, the Group would have recognised a fair value gain of HK\$108,000 (year ended 31st December, 2011 — loss of HK\$23,000) and the gain on disposal of available-for-sale financial assets would be decreased by HK\$325,000 (year ended 31st December, 2011 — Nil) in the consolidated income statement for the period/year.

22. LOANS AND ADVANCES

The loans and advances to customers of the Group bear interest at effective rates ranging from 3 per cent. to 9 per cent. (31st December, 2011 — 3 per cent. to 8 per cent.) per annum. The carrying amounts of loans and advances approximate to their fair values. Certain balances arising from securities broking and banking operations are secured by clients' properties, deposits and securities being held as collaterals with a carrying amount of HK\$1,090,619,000 (31st December, 2011 — HK\$498,272,000).

Notes to the Financial Statements *(continued)*

22. LOANS AND ADVANCES *(continued)*

At the end of the reporting period, the overdue or impaired balances are related to securities broking, banking and money lending operations. Movements of the allowance for bad and doubtful debts during the period/year are as follows:

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Balance at beginning of period/year	8,450	13,294
Allowance for bad and doubtful debts	–	156
Impairment allowance released	(695)	(5,000)
Amount written-off as uncollectible	(985)	–
Balance at end of period/year	6,770	8,450

Except for the above, the remaining balances are neither overdue nor impaired and are related to a range of customers for whom there is no recent history of default.

23. OTHER FINANCIAL ASSETS/LIABILITIES

	Group			
	31st March, 2013		31st December, 2011	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Non-current portion				
Derivative financial instruments				
Forward currency contracts	17,639	31,430	–	–
Interest rate swap	–	1,010	–	–
	17,639	32,440	–	–
Current portion				
Derivative financial instruments				
Call option	7,275	–	18,625	–
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	35,713	–	–
	7,275	35,713	18,625	–
	24,914	68,153	18,625	–

23. OTHER FINANCIAL ASSETS/LIABILITIES *(continued)*

The notional amount of the outstanding forward currency contract under other financial assets as at 31st March, 2013 was HK\$776,000,000 (31st December, 2011 — Nil). The notional amount of the outstanding forward currency contract under other financial liabilities as at 31st March, 2013 was HK\$776,000,000 (31st December, 2011 — Nil). The notional amount of the outstanding interest rate swap contract under other financial liabilities as at 31st March, 2013 was HK\$776,000,000 (31st December, 2011 — Nil).

The carrying amounts of other financial assets and liabilities approximate to their fair values. The fair value of interest rate swap contract is the estimated amount that the Group would receive or pay to terminate the swap agreement at the end of the reporting period, taking into account the current market conditions and the current creditworthiness of the swap counterparties. The fair value of the forward currency contracts is determined by reference to the present value of expected future cash flows related to the difference between the contract rates and the market forward rates at the end of the reporting period.

24. PROPERTIES UNDER DEVELOPMENT

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of period/year	1,667,390	1,147,515
Additions during the period/year	948,994	543,288
Reclassified from deposits paid for properties under development	314,274	–
Reclassified to properties held for sale	–	(55,480)
Exchange adjustments	(6,034)	32,067
Balance at end of period/year	2,924,624	1,667,390
Provisions for impairment losses:		
Balance at beginning of period/year	(201,735)	(143,942)
Impairment during the period/year	(156)	(49,954)
Exchange adjustments	1,943	(7,839)
Balance at end of period/year	(199,948)	(201,735)
	2,724,676	1,465,655
Land and buildings situated outside Hong Kong held under the following lease terms:		
Long term leases	108,527	–
Medium term leases	2,582,177	1,424,529
Freehold	33,972	41,126
	2,724,676	1,465,655

Certain properties under development have been mortgaged to secure banking facilities made available to the Group as set out in Note 28 to the financial statements.

Notes to the Financial Statements *(continued)*

25. DEBTORS, PREPAYMENTS AND DEPOSITS

Included in the balances are trade debtors with an aged analysis as follows:

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Outstanding balances with ages:		
Repayable on demand	30,993	50,076
Within 30 days	18,128	8,031
Between 31 and 60 days	38	587
Between 61 and 90 days	35	14
Between 91 and 180 days	12	125
Over 180 days	–	9
	49,206	58,842

Trading terms with customers are either on a cash basis or credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management.

At the end of the reporting period, the individually impaired receivables relate to securities broking operation and investment and property development projects with an aggregate carrying amount of HK\$43,716,000 (31st December, 2011 — HK\$53,105,000). The Group does not hold sufficient collateral or other credit enhancements over these balances. Movements in the allowance for bad and doubtful debts for these individually impaired receivables during the period/year are as follows:

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Balance at beginning of period/year	53,105	42,519
Allowance for bad and doubtful debts	1,205	12,214
Impairment allowance released	(5,790)	(1,628)
Amount written-off as uncollectible	(8,579)	–
Balance at end of period/year	39,941	53,105

Except for the above, the remaining balances are neither overdue nor impaired and are related to a range of customers for whom there is no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing. The carrying amounts of debtors and deposits approximate to their fair values.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Held for trading:				
Equity securities:				
Listed in Hong Kong	161,895	26,396	–	–
Listed overseas	167,736	99,439	–	29,658
	329,631	125,835	–	29,658
Unlisted investment funds	29,915	102,682	–	–
	359,546	228,517	–	29,658

An analysis of the issuers of financial assets at fair value through profit or loss is as follows:

	Group		Company	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Equity securities:				
Corporate entities	328,899	122,917	–	29,658
Banks and other financial institutions	732	703	–	–
Public sector entities	–	2,215	–	–
	329,631	125,835	–	29,658

27. RESTRICTED CASH

The balance includes:

- (a) certain amount of the pre-sale proceeds received by a subsidiary of the Group engaging in property development that was placed with designated bank accounts under supervision pursuant to relevant rules and regulations; and
- (b) bank deposits pledged to secure banking facilities made available to the Group as set out in Note 28 to the financial statements.

Notes to the Financial Statements *(continued)*

28. BANK LOANS

	Group		Company	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Secured bank loans (<i>Note</i>)	2,945,937	2,585,094	435,000	480,000
Less: Amount classified under current portion	(617,583)	(290,689)	(250,000)	(97,000)
Non-current portion	2,328,354	2,294,405	185,000	383,000
Bank loans by currency:				
Hong Kong dollar	2,318,103	1,797,355	435,000	480,000
Renminbi	627,834	787,739	–	–
	2,945,937	2,585,094	435,000	480,000
Bank loans repayable:				
Within one year or on demand	617,583	290,689	250,000	97,000
In the second year	1,025,668	689,434	185,000	198,000
In the third to fifth years, inclusive	1,302,686	1,501,375	–	185,000
After five years	–	103,596	–	–
	2,945,937	2,585,094	435,000	480,000

Note:

At the end of the reporting period, the bank loans were secured by:

- (i) shares in certain listed subsidiaries of the Group with market value of HK\$2,957,771,000 (31st December, 2011 — HK\$2,434,934,000);
- (ii) first legal mortgages over certain investment properties, leasehold land and buildings and properties under development of the Group with carrying amounts of HK\$4,015,843,000 (31st December, 2011 — HK\$4,036,890,000), HK\$121,096,000 (31st December, 2011 — HK\$124,940,000) and HK\$1,476,611,000 (31st December, 2011 — HK\$1,306,333,000), respectively; and
- (iii) certain bank deposits of the Group with carrying amount of HK\$209,112,000 (31st December, 2011 — HK\$168,588,000).

The Group's and the Company's bank loans bear interest at floating rates ranging from 2.4 per cent. to 8.0 per cent. (31st December, 2011 — 1.8 per cent. to 7.4 per cent.) per annum. The carrying amounts of the bank loans approximate to their fair values.

29. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised of pre-sale proceeds received from the property development projects of the Group of HK\$2,820,004,000 (31st December, 2011 — HK\$676,081,000), and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK\$384,309,000 (31st December, 2011 — HK\$593,250,000). As at 31st March, 2013, total client trust bank balances amounted to HK\$356,002,000 (31st December, 2011 — HK\$550,716,000).

An aged analysis of trade creditors are as follows:

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Outstanding balances with ages:		
Repayable on demand	373,411	435,334
Within 30 days	109,004	169,677
	482,415	605,011

Except for certain client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation which are interest-bearing, the balances of trade creditors are non-interest-bearing. The carrying amounts of creditors, accruals and deposits received and client trust bank balances approximate to their fair values.

30. CURRENT, FIXED, SAVINGS AND OTHER DEPOSITS OF CUSTOMERS

The current, fixed, savings and other deposits of customers attributable to banking operation bear interest at effective rates ranging from 0.01 per cent. to 4.0 per cent. (31st December, 2011 — 0.02 per cent. to 2.75 per cent.) per annum. The carrying amounts approximate to their fair values.

Notes to the Financial Statements *(continued)*

31. DEFERRED TAX

The movements in deferred tax liabilities during the period/year are as follows:

Group

	Depreciation allowance in excess of related depreciation HK\$'000	Revaluation of properties HK\$'000	Fair value gains on available-for-sale financial assets HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
Period ended 31st March, 2013						
At 1st January, 2012						
As previously reported	9,581	791,858	2,702	(11,009)	–	793,132
Prior year adjustments (Note 2.2)	–	(236,913)	–	7,626	–	(229,287)
As restated	9,581	554,945	2,702	(3,383)	–	563,845
Deferred tax charged/(credited) to the income statement during the period (Note 11)	5,197	131,976	–	(517)	–	136,656
Deferred tax debited to equity during the period	–	1,066	1,635	–	–	2,701
Exchange adjustments	143	3,714	–	–	–	3,857
At 31st March, 2013	14,921	691,701	4,337	(3,900)	–	707,059
Year ended 31st December, 2011						
At 1st January, 2011						
As previously reported	8,986	692,505	2,489	(10,764)	1,284	694,500
Prior year adjustments (Note 2.2)	–	(211,197)	–	7,605	–	(203,592)
As restated	8,986	481,308	2,489	(3,159)	1,284	490,908
Deferred tax charged/(credited) to the income statement during the year (restated) (Note 11)	595	42,098	–	(224)	(1,317)	41,152
Deferred tax debited to equity during the year	–	–	213	–	–	213
Exchange adjustments	–	31,539	–	–	33	31,572
At 31st December, 2011	9,581	554,945	2,702	(3,383)	–	563,845

31. DEFERRED TAX *(continued)*

The Group has tax losses of HK\$1,119,293,000 (31st December, 2011 — HK\$884,027,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except tax losses of HK\$91,165,000 (31st December, 2011 — HK\$52,343,000) which will expire in one to five years. Deferred tax assets have not been recognised in respect of these tax losses at the end of the reporting period due to the unpredictability of future profit streams.

Pursuant to the People's Republic of China Corporate Income Tax Law, a 10 per cent. withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement has become effective from 1st January, 2008 and applies to earnings after 31st December, 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10 per cent. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of earnings generated from 1st January, 2008.

At 31st March, 2013, there were no significant unrecognised deferred tax liabilities (31st December, 2011 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or jointly controlled entities as the Group has no liability to additional tax should such amounts be remitted.

32. SHARE CAPITAL

	Group and Company	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Authorised: 30,000,000,000 (31st December, 2011 — 30,000,000,000) ordinary shares of HK\$0.10 each	3,000,000	3,000,000
Issued and fully paid: 493,154,032 (31st December, 2011 — 500,436,032) ordinary shares of HK\$0.10 each	49,316	50,044

During the period, the Company had repurchased a total of 7,282,000 ordinary shares (year ended 31st December, 2011 — Nil) of HK\$0.10 each in the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The premium of HK\$21,835,000 arising from such repurchases has been charged to the retained profits of the Company and an amount of HK\$728,000 was transferred from retained profits to the capital redemption reserve as set out in the consolidated statement of changes in equity to the financial statements on pages 44 and 45.

The repurchases of the Company's shares during the period were effected by the Directors with a view to benefiting shareholders as a whole by enhancing the net asset value per share of the Company.

33. SHARE OPTION SCHEMES

Details of the share option schemes of the Company and its subsidiaries are as follows:

(a) Share Option Scheme of the Company adopted on 7th June, 2007

Pursuant to the share option scheme of the Company (the "Share Option Scheme") adopted and approved by the shareholders of the Company on 7th June, 2007 (the "Adoption Date"), the board of the Directors (the "Board") may, at its discretion, offer to grant to any eligible employee (including director, officer and/or employee of the Group or any member of it); or any consultant, adviser, supplier, customer or sub-contractor of the Group or any member of it; or any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Group or any member of it or as having spent any material time in or about the promotion of the Group or its business (together the "Eligible Person") an option to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide Eligible Persons with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. Under the rules of the Share Option Scheme, no further options shall be granted on and after the tenth anniversary of the Adoption Date. The options can be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which date shall not be later than the day last preceding the tenth anniversary of the date of grant. The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such term(s) on the grant of an option. No grantee of option is required to pay for the grant of the relevant option.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30 per cent. of the issued shares of the Company from time to time. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any shares subject to options granted after the Adoption Date pursuant to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company on the Adoption Date, that is 43,373,501 shares (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1 per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; (ii) the average closing price of the shares of the Company for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

33. SHARE OPTION SCHEMES *(continued)*

(a) Share Option Scheme of the Company adopted on 7th June, 2007 *(continued)*

On 17th December, 2007, options were granted under the Share Option Scheme without consideration to Eligible Persons including, inter alia, certain Directors of the Company and employees of the Group to subscribe for a total of 4,337,000 ordinary shares of HK\$0.10 each in the Company (the "Shares") at an initial exercise price of HK\$6.98 per Share (subject to adjustment). Due to the rights issue of new shares of the Company in June 2008 in the proportion of one rights share for every four shares held, adjustments were made to the number of Shares subject to the options of the Company and the exercise price, resulting in options to subscribe for a total of 5,421,250 Shares at an exercise price of HK\$5.58 per Share (subject to adjustment), with effect from 27th June, 2008. The above options could not be exercised from the date of grant to 16th June, 2008. Such options were exercisable from 17th June, 2008 to 16th December, 2012.

On 1st August, 2008, an option was granted under the Share Option Scheme without consideration to an Eligible Person to subscribe for 625,000 Shares at an exercise price of HK\$3.95 per Share (subject to adjustment). Such option could not be exercised from the date of grant to 31st July, 2009. Such option was exercisable from 1st August, 2009 to 16th December, 2012.

An option to subscribe for 62,500 Shares lapsed in 2010.

As at 1st January, 2012, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 5,983,750 Shares (the "Option Shares").

During the period, details of movements in the Option Shares granted under the Share Option Scheme are summarised as follows:

Participants	Date of grant	Exercise price per Share HK\$	Number of Option Shares		
			Balance as at 1st January, 2012	Lapsed during the period	Balance as at 31st March, 2013
Directors:					
John Luen Wai Lee	17th December, 2007	5.58	1,125,000	1,125,000	–
Leon Nim Leung Chan	17th December, 2007	5.58	193,750	193,750	–
Jark Pui Lee	17th December, 2007	5.58	162,500	162,500	–
Edwin Neo	17th December, 2007	5.58	162,500	162,500	–
King Fai Tsui	17th December, 2007	5.58	162,500	162,500	–
Victor Ha Kuk Yung	17th December, 2007	5.58	162,500	162,500	–
Employees <i>(Note)</i>					
	17th December, 2007	5.58	3,390,000	3,390,000	–
	1st August, 2008	3.95	625,000	625,000	–
Total			5,983,750	5,983,750	–
Weighted average exercise price per Share (HK\$)			5.41	5.41	–

Note: Employees refer to the employees of the Group as at 31st March, 2013 working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, other than the Directors and chief executive of the Company.

33. SHARE OPTION SCHEMES *(continued)*

(a) Share Option Scheme of the Company adopted on 7th June, 2007 *(continued)*

Options to subscribe for a total of 5,983,750 Option Shares, which remained unexercised, expired on 16th December, 2012 and lapsed accordingly.

Save as disclosed herein, no option of the Company was granted, exercised, cancelled or lapsed during the period.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 43,373,501 Shares, representing approximately 8.8 per cent. of the existing issued share capital of the Company.

(b) Share Option Scheme of Lippo China Resources Limited adopted on 7th June, 2007

The principal terms of the rules of the share option scheme of LCR, a listed subsidiary of the Company, adopted and approved by the shareholders of LCR and the Company on 7th June, 2007 (the "LCR Share Option Scheme") are substantially the same as the terms of the Share Option Scheme as mentioned above.

On 17th December, 2007, options were granted under the LCR Share Option Scheme without consideration to eligible persons of the LCR Share Option Scheme including, inter alia, certain directors and employees of LCR to subscribe for a total of 92,010,000 ordinary shares of HK\$0.10 each in LCR (the "LCR Shares") at an exercise price of HK\$0.267 per share (subject to adjustment). The above options could not be exercised from the date of grant to 16th June, 2008. Such options were exercisable from 17th June, 2008 to 16th December, 2012.

On 1st August, 2008, an option was granted under the LCR Share Option Scheme without consideration to an Eligible Person to subscribe for 7,000,000 LCR Shares at an exercise price of HK\$0.169 per share (subject to adjustment). Such option could not be exercised from the date of grant to 31st July, 2009. Such option was exercisable from 1st August, 2009 to 16th December, 2012.

Options to subscribe for a total of 8,000,000 LCR Shares lapsed in 2009 and 2010.

As at 1st January, 2012, there were outstanding options granted under the LCR Share Option Scheme to subscribe for a total of 91,010,000 LCR Shares (the "LCR Option Shares").

33. SHARE OPTION SCHEMES *(continued)***(b) Share Option Scheme of Lippo China Resources Limited adopted on 7th June, 2007 *(continued)***

During the period, details of movements in the LCR Option Shares granted under the LCR Share Option Scheme are summarised as follows:

Participants	Date of grant	Exercise price per share HK\$	Number of LCR Option Shares			Balance as at 31st March, 2013
			Balance as at 1st January, 2012	Exercised during the period	Lapsed during the period	
Directors:						
John Luen Wai Lee	17th December, 2007	0.267	22,000,000	–	22,000,000	–
Leon Nim Leung Chan	17th December, 2007	0.267	3,000,000	–	3,000,000	–
Edwin Neo	17th December, 2007	0.267	2,300,000	–	2,300,000	–
King Fai Tsui	17th December, 2007	0.267	2,300,000	–	2,300,000	–
Victor Ha Kuk Yung	17th December, 2007	0.267	2,300,000	–	2,300,000	–
Employees <i>(Note)</i>						
	17th December, 2007	0.267	20,660,000	–	20,660,000	–
	1st August, 2008	0.169	7,000,000	2,300,000	4,700,000	–
Others						
	17th December, 2007	0.267	31,450,000	–	31,450,000	–
Total			91,010,000	2,300,000	88,710,000	–
Weighted average exercise price per share (HK\$)			0.259	0.169	0.262	–

Note: Employees refer to the employees of LCR and its subsidiaries as at 31st March, 2013 working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance, other than the Directors and chief executive of the Company.

During the period, an option was exercised to subscribe for 2,300,000 LCR Shares at an exercise price of HK\$0.169 per share. The weighted average closing price of the LCR Shares immediately before the date on which the option of LCR was exercised was HK\$0.208 per share (year ended 31st December, 2011 — No options of LCR were exercised).

Options to subscribe for a total of 88,660,000 LCR Option Shares, which remained unexercised, expired on 16th December, 2012 and lapsed accordingly. Together with an option held by a former employee to subscribe for 50,000 LCR Option Shares which lapsed on 1st July, 2012, options to subscribe for a total of 88,710,000 LCR Option Shares lapsed during the period.

Save as disclosed herein, no option of LCR was granted, exercised, cancelled or lapsed during the period.

As at the date of this report, the total number of LCR Shares available for issue under the LCR Share Option Scheme is 917,808,871 LCR Shares, representing approximately 10 per cent. of the existing issued share capital of LCR.

33. SHARE OPTION SCHEMES *(continued)*

(c) Share Option Scheme of Hongkong Chinese Limited adopted on 7th June, 2007

The principal terms of the rules of the share option scheme of HKC, a listed subsidiary of the Company, adopted and approved by the shareholders of HKC, LCR and the Company on 7th June, 2007 (the "HKC Share Option Scheme") are substantially the same as the terms of the Share Option Scheme as mentioned above.

On 17th December, 2007, options were granted under the HKC Share Option Scheme without consideration to eligible persons of the HKC Share Option Scheme including, inter alia, certain directors and employees of HKC to subscribe for a total of 13,468,000 ordinary shares of HK\$1.00 each in HKC (the "HKC Shares") at an initial exercise price of HK\$1.68 per share (subject to adjustment). Due to the rights issue of new shares of HKC in June 2008 in the proportion of seven rights shares for every twenty shares held, adjustments were made to the number of HKC Shares subject to the options of HKC and the exercise price, resulting in options to subscribe for a total of 18,181,800 HKC Shares at an exercise price of HK\$1.24 per share (subject to adjustment), with effect from 27th June, 2008. The above options could not be exercised from the date of grant to 16th June, 2008. Such options were exercisable from 17th June, 2008 to 16th December, 2012.

On 1st August, 2008, an option was granted under the HKC Share Option Scheme without consideration to an Eligible Person to subscribe for 2,025,000 HKC Shares at an exercise price of HK\$1.00 per share (subject to adjustment). Such option could not be exercised from the date of grant to 31st July, 2009. Such option was exercisable from 1st August, 2009 to 16th December, 2012.

An option to subscribe for 337,500 HKC Shares lapsed in 2010.

As at 1st January, 2012, there were outstanding options granted under the HKC Share Option Scheme to subscribe for a total of 19,869,300 HKC Shares (the "HKC Option Shares").

33. SHARE OPTION SCHEMES *(continued)*

(c) Share Option Scheme of Hongkong Chinese Limited adopted on 7th June, 2007 *(continued)*

During the period, details of movements in the HKC Option Shares granted under the HKC Share Option Scheme are summarised as follows:

Participants	Date of grant	Exercise price per share HK\$	Number of HKC Option Shares			Balance as at 31st March, 2013
			Balance as at 1st January, 2012	Exercised during the period	Lapsed during the period	
Directors:						
John Luen Wai Lee	17th December, 2007	1.24	4,590,000	2,000,000	2,590,000	–
Leon Nim Leung Chan	17th December, 2007	1.24	810,000	–	810,000	–
King Fai Tsui	17th December, 2007	1.24	607,500	600,000	7,500	–
Victor Ha Kuk Yung	17th December, 2007	1.24	607,500	–	607,500	–
Other directors of HKC	17th December, 2007	1.24	1,215,000	606,000	609,000	–
Employees <i>(Note)</i>	17th December, 2007	1.24	7,179,300	–	7,179,300	–
Others	17th December, 2007	1.24	2,835,000	–	2,835,000	–
	1st August, 2008	1.00	2,025,000	675,000	1,350,000	–
Total			19,869,300	3,881,000	15,988,300	–
Weighted average exercise price per share (HK\$)			1.22	1.20	1.22	–

Note: Employees refer to the employees of HKC and its subsidiaries as at 31st March, 2013 working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance, other than the Directors and chief executive of the Company.

During the period, options were exercised to subscribe for 3,206,000 HKC Shares and 675,000 HKC Shares at an exercise price of HK\$1.24 per share, and HK\$1.00 per share, respectively. The weighted average closing price of the HKC Shares immediately before the dates on which the options of HKC were exercised was HK\$1.29 per share (year ended 31st December, 2011 — No options of HKC were exercised).

Options to subscribe for a total of 15,920,800 HKC Option Shares, which remained unexercised, expired on 16th December, 2012 and lapsed accordingly. Together with an option held by a former Eligible Person to subscribe for 67,500 HKC Option Shares which lapsed on 1st July, 2012, options to subscribe for a total of 15,988,300 HKC Option Shares lapsed during the period.

Saved as disclosed herein, no option of HKC was granted, exercised, cancelled or lapsed during the period.

As at the date of this report, the total number of HKC Shares available for issue under the HKC Share Option Scheme is 130,801,909 HKC Shares, representing approximately 6.5 per cent. of the existing share capital of HKC.

Notes to the Financial Statements *(continued)*

34. RESERVES

Group

The amounts of the Group's reserves and movements therein for the current period and the prior year are presented in the consolidated statement of changes in equity on pages 44 and 45 of the financial statements.

Company

	Share premium account	Share option reserve	Special capital reserve <i>(Note (a))</i>	Capital redemption reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Period ended 31st March, 2013						
At 1st January, 2012	912,362	12,766	1,709,202	22,034	118,846	2,775,210
Profit for the period and total comprehensive income for the period <i>(Note 12)</i>	-	-	-	-	9,888	9,888
Repurchases of shares	-	-	-	728	(22,563)	(21,835)
Transfer of share option reserve upon expiry of share options	-	(12,766)	-	-	12,766	-
2011 final and special final dividends, declared and paid to shareholders of the Company	-	-	-	-	(34,972)	(34,972)
2012 interim dividend, declared and paid to shareholders of the Company	-	-	-	-	(14,798)	(14,798)
At 31st March, 2013	912,362	-	1,709,202	22,762	69,167	2,713,493
Year ended 31st December, 2011						
At 1st January, 2011	912,350	12,766	1,709,202	22,034	122,050	2,778,402
Profit for the year and total comprehensive income for the year <i>(Note 12)</i>	-	-	-	-	6,805	6,805
Issuance of shares upon exercise of warrants	12	-	-	-	-	12
2010 final dividend, declared and paid to shareholders of the Company	-	-	-	-	(10,009)	(10,009)
At 31st December, 2011	912,362	12,766	1,709,202	22,034	118,846	2,775,210

As at 31st March, 2013, the Company's reserves available for distribution, calculated in accordance with Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$69,167,000 (31st December, 2011 — HK\$118,846,000). As at 31st March, 2013, other distributable reserve amounted to HK\$1,709,202,000 (31st December, 2011 — HK\$1,709,202,000).

Included in the retained profits of the Group and the Company as at 31st March, 2013 were amounts of final dividend for the period then ended of HK\$19,726,000 (year ended 31st December, 2011 — final dividend and special final dividend of HK\$20,017,000 and HK\$15,013,000, respectively) proposed after the end of the reporting period.

34. RESERVES *(continued)*

Note:

- (a) Special capital reserve
Pursuant to a special resolution passed at an extraordinary general meeting of the Company on 23rd December, 1998 and the subsequent confirmation by the court on 26th January, 1999, the then entire amount standing to the credit of the share capital account of the Company of approximately HK\$1,709,202,000 was cancelled on 27th January, 1999 (the "Cancellation"). The credit arising from the Cancellation was transferred to a special capital reserve account.
- (b) Legal reserve
The legal reserve represents the part of reserve generated by a banking subsidiary of the Company which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which the subsidiary operates.
- (c) Regulatory reserve
The regulatory reserve represents the part of reserve generated by a banking subsidiary of the Company arising from the difference between the impairment allowance made under HKAS 39 and for regulatory purpose.
- (d) Hedging reserve
The hedging reserve relates to the Group's share of the hedging reserve of an associate.

35. INTERESTS IN SUBSIDIARIES

	Company	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Unlisted shares, at cost	1	1
Due from subsidiaries	4,095,513	4,048,820
Due to subsidiaries	(831,819)	(681,437)
	3,263,695	3,367,384
Provisions for impairment losses	(205,074)	(205,074)
	3,058,621	3,162,310

The balances with subsidiaries are unsecured and have no fixed terms of repayment. Certain balances bear interest at rates reflecting the respective costs of funds within the Group. In the opinion of the Directors, these balances are considered as quasi-equity investments in subsidiaries.

Details of the principal subsidiaries are set out on pages 138 to 147.

Notes to the Financial Statements *(continued)*

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before tax to cash generated from/(used in) operations

	Note	Group	
		Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
Profit before tax		139,199	1,298,179
Adjustments for:			
Share of results of associates		204,546	(1,126,176)
Share of results of jointly controlled entities		299	(18,777)
Loss/(Gain) on disposal of:			
Fixed assets		(8,539)	(10,103)
Investment properties		(68,282)	231
Held-to-maturity financial assets		(570)	–
Subsidiaries	36(b)	(69,491)	15,776
Associates		–	9
A jointly controlled entity		(310)	–
Available-for-sale financial assets		(19,531)	(4,767)
Gain on deemed disposal of an associate		(24,065)	–
Loss on derecognition of associates		61,528	–
Provisions for impairment losses:			
Associates		36,771	419
A jointly controlled entity	6	2,219	16
Available-for-sale financial assets		23,251	–
Properties held for sale	6	(465)	–
Properties under development		156	49,954
Net fair value loss on financial instruments at fair value through profit or loss		59,667	26,917
Allowance/(Write-back of allowance) for bad and doubtful debts	6	(5,328)	5,475
Fair value gains on investment properties		(554,728)	(368,397)
Finance costs		108,438	67,231
Interest income		(41,555)	(22,857)
Dividend income		(6,701)	(4,030)
Depreciation	6	16,467	14,859
		(147,024)	(76,041)
Decrease in properties held for sale		61,915	262
Increase in properties under development		(948,994)	(543,288)
Increase in deposits paid for properties under development		(121,650)	(66,964)
Decrease in held-to-maturity financial assets		–	57
Increase in financial instruments at fair value through profit or loss		(128,832)	(121,934)
Increase in loans and advances		(85,567)	(18,515)
Increase in debtors, prepayments and deposits		(266,555)	(12,808)
Decrease in client trust bank balances		194,345	9,543
Increase in restricted cash		(580,034)	(297,707)
Increase in creditors, accruals and deposits received		2,079,807	574,863
Increase/(Decrease) in current, fixed, savings and other deposits of customers		146,561	(18,547)
Cash generated from/(used in) operations		203,972	(571,079)

Notes to the Financial Statements *(continued)*

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Disposal of subsidiaries

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Net assets disposed of:		
Available-for-sale financial assets	202,820	–
Loans and advances	–	15,876
Cash and bank balances	3	–
Other payables and accruals	(15)	–
	202,808	15,876
Release of cumulative fair value changes on available-for-sale financial assets attributable to:		
Equity holders of the Company	(55,597)	–
Non-controlling interests	(22,423)	–
	(78,020)	–
Gain/(Loss) on disposal	124,788 69,491	15,876 (15,776)
	194,279	100
Satisfied by:		
Cash consideration received	173,979	100
Deposits received in prior period	20,300	–
	194,279	100

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Cash consideration received	173,979	100
Cash and bank balances disposed of	(3)	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	173,976	100

37. CHANGES IN NON-CONTROLLING INTERESTS WITHOUT CHANGE IN CONTROL

Major changes in non-controlling interests are as follows:

Period ended 31st March, 2013

- (a) During the period, HKC had repurchased a total of 8,816,000 HKC Shares for a total consideration (including expenses) of approximately HK\$10,794,000. In December 2012, HKC had issued 3,881,000 HKC Shares upon the exercise in cash by the option holders of their rights to subscribe for HKC Shares at a total consideration of approximately HK\$4,650,000. The Group's effective ownership in HKC increased from approximately 56.0 per cent. as at 31st December, 2011 to approximately 56.1 per cent. as at 31st March, 2013. The Group recognised a decrease in non-controlling interests of HK\$15,747,000 and an increase in retained profits of HK\$10,356,000.
- (b) During the period, LCR had repurchased a total of 6,640,000 LCR Shares for a total consideration (including expenses) of approximately HK\$1,204,000. In December 2012, LCR had issued 2,300,000 LCR Shares upon the exercise in cash by an option holder of his right to subscribe for LCR Shares at a total consideration of approximately HK\$389,000. The Group's effective ownership in LCR increased from approximately 71.21 per cent. as at 31st December, 2011 to approximately 71.24 per cent. as at 31st March, 2013. The Group recognised a decrease in non-controlling interests of HK\$1,755,000 and an increase in retained profits of HK\$1,048,000.

Year ended 31st December, 2011

- (a) During 2011, Hennessy Holdings Limited, a wholly-owned subsidiary of the Company, and the other holders of warrants issued by HKC ("HKC warrants") exercised 106,764,864 HKC warrants and 79,735,309 HKC warrants to subscribe for a total of 106,764,864 HKC Shares and 79,735,309 HKC Shares for a total cash consideration of approximately HK\$133,456,000 and HK\$99,669,000, respectively. The Group's effective ownership in HKC increased from approximately 55.8 per cent. as at 31st December, 2010 to approximately 56.0 per cent. as at 31st December, 2011. The Group recognised an increase in non-controlling interests of HK\$86,249,000 (restated) and an increase in retained profits of HK\$13,420,000 (restated).
- (b) In January 2011, Win Joyce Limited ("Win Joyce"), a wholly-owned subsidiary of LCR, and Jeremiah Holdings Limited ("Jeremiah"), a 60 per cent. subsidiary of LCR, completed an agreement for the acquisition of the entire issued share capital of Pantogon Holdings Pte Ltd ("Pantogon") by a wholly-owned subsidiary of Win Joyce from Jeremiah, and the assignment of the shareholder's loans owed by Pantogon to Jeremiah, from Jeremiah to a wholly-owned subsidiary of Win Joyce, for a total consideration of approximately HK\$150,267,000 (the "Transaction"). The carrying amount of the non-controlling interests in Pantogon on the date of completion of the Transaction was HK\$43,782,000. The Group recognised a decrease in non-controlling interests of HK\$43,782,000 and an increase in retained profits of HK\$43,782,000.
- (c) In April 2011, 力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited) ("Lippo Realty"), a subsidiary of LCR, completed a capital reduction exercise (the "Completion") pursuant to which the 5 per cent. registered capital of Lippo Realty was reduced at a cash consideration of approximately HK\$125,403,000. After the Completion, Lippo Realty has become an indirect wholly-owned subsidiary of LCR. The carrying amount of the non-controlling interests in Lippo Realty on the date of the Completion was HK\$85,778,000. The Group recognised a decrease in non-controlling interests of HK\$85,778,000 and a decrease in retained profits of HK\$39,625,000.

38. CONTINGENT LIABILITIES

As at 31st March, 2013, the Group had contingent liabilities relating to its banking subsidiary of HK\$20,882,000 (31st December, 2011 — HK\$24,834,000) comprising guarantees and other endorsements of HK\$15,191,000 (31st December, 2011 — HK\$15,278,000) and liabilities under letters of credit on behalf of customers of HK\$5,691,000 (31st December, 2011 — HK\$9,556,000).

The Company did not have any material contingent liabilities at the end of the reporting period (31st December, 2011 — Nil).

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties and properties held for sale under operating lease arrangements with leases negotiated for terms ranging from one to eight years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. As at 31st March, 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Within one year	182,443	192,391
In the second to fifth years, inclusive	166,750	229,379
After five years	887	16,063
	350,080	437,833

(b) As lessee

The Group leases certain properties under operating lease agreements which are non-cancellable. The leases expire on various dates until 31st December, 2016 and the leases for properties contain provision for rental adjustments. As at 31st March, 2013, the Group and the Company had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	Group		Company	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Within one year	18,543	18,153	5,976	6,617
In the second to fifth years, inclusive	6,450	26,319	4,482	—
	24,993	44,472	10,458	6,617

Notes to the Financial Statements *(continued)*

40. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Commitments in respect of properties, plant and equipment and properties under development: Contracted, but not provided for	820,012	864,263
Other capital commitments: Contracted, but not provided for (<i>Note</i>)	81,671	80,627
	901,683	944,890

Note: The balance included the Group's capital commitments in respect of the formation of joint ventures for certain property projects in the Republic of Singapore of approximately HK\$74 million (31st December, 2011 — HK\$71 million).

The Company did not have any material commitments at the end of the reporting period (31st December, 2011 — Nil).

41. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the period/year:

- (a) During the period, the Group received project management income of HK\$12,345,000 (year ended 31st December, 2011 — HK\$2,847,000) and HK\$1,959,000 (year ended 31st December, 2011 — HK\$5,812,000) from associates and jointly controlled entities of the Group, respectively.
- (b) During the period, the Group received rental income of HK\$9,899,000 (year ended 31st December, 2011 — HK\$6,483,000) from certain subsidiaries of Auric. The rentals were determined by reference to the then prevailing open market rentals. Such leases will expire on various dates until 31st March, 2016. The Group expects the total future minimum lease receivables for the year ending 31st March, 2014, 31st March, 2015 and 31st March, 2016 to be approximately HK\$4,737,000, HK\$1,922,000 and HK\$1,554,000, respectively.
- (c) During the period, the Group paid rental expenses (including service charges) of HK\$4,703,000 (year ended 31st December, 2011 — HK\$2,186,000) to an associate of the Group. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31st May, 2014. The Group expects the total future minimum lease payments for the year ending 31st March, 2014 and 31st March, 2015 to be approximately HK\$3,335,000 and HK\$556,000, respectively.
- (d) During the period, the Group received investment advisory income of HK\$13,920,000 (year ended 31st December, 2011 — HK\$11,196,000) from an associate of the Group.
- (e) As at 31st March, 2013, the Group had balances with its associates and jointly controlled entities, further details of which are set out in Notes 18 and 19 to the financial statements, respectively.
- (f) The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 7 to the financial statements.

Notes to the Financial Statements *(continued)*

41. RELATED PARTY TRANSACTIONS *(continued)*

The above transactions were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which were subject to the disclosure requirements under the Listing Rules during the period. The transactions referred to in item (b) above have become continuing connected transactions of the Company with effect from 1st April, 2013 upon the adoption of HKFRS 10 as explained in Note 2.3 to the financial statements. Further details of such transactions are disclosed in the section headed "Continuing Connected Transactions and Connected Transaction" in the Report of the Directors.

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group
At 31st March, 2013

Financial assets

	Financial assets at fair value through profit or loss held for trading HK\$'000	Loans and receivables HK\$'000	Available-for-sale financial assets HK\$'000	Derivative financial instruments HK\$'000	Total HK\$'000
Amount due from an associate	–	15,526	–	–	15,526
Amount due from a jointly controlled entity	–	3,981	–	–	3,981
Available-for-sale financial assets	–	–	344,198	–	344,198
Financial assets at fair value through profit or loss	359,546	–	–	–	359,546
Other financial assets	–	–	–	24,914	24,914
Loans and advances	–	332,481	–	–	332,481
Debtors and deposits	–	121,786	–	–	121,786
Client trust bank balances	–	356,002	–	–	356,002
Restricted cash	–	1,087,363	–	–	1,087,363
Treasury bills	–	9,700	–	–	9,700
Cash and bank balances	–	2,127,509	–	–	2,127,509
	359,546	4,054,348	344,198	24,914	4,783,006

Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition HK\$'000	Financial liabilities at amortised cost HK\$'000	Derivative financial instruments HK\$'000	Total HK\$'000
Bank loans	–	2,945,937	–	2,945,937
Creditors, accruals and deposits received	–	958,433	–	958,433
Current, fixed, savings and other deposits of customers	–	266,786	–	266,786
Other financial liabilities	35,713	–	32,440	68,153
	35,713	4,171,156	32,440	4,239,309

Notes to the Financial Statements *(continued)*

42. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

Group

At 31st December, 2011

Financial assets

	Financial assets at fair value through profit or loss held for trading HK\$'000	Held-to-maturity financial assets HK\$'000	Loans and receivables HK\$'000	Available-for-sale financial assets HK\$'000	Derivative financial instrument HK\$'000	Total HK\$'000
Amount due from a jointly controlled entity	-	-	3,984	-	-	3,984
Held-to-maturity financial assets	-	27,265	-	-	-	27,265
Available-for-sale financial assets	-	-	-	407,916	-	407,916
Financial assets at fair value through profit or loss	228,517	-	-	-	-	228,517
Other financial asset	-	-	-	-	18,625	18,625
Loans and advances	-	-	246,219	-	-	246,219
Debtors and deposits	-	-	107,030	-	-	107,030
Client trust bank balances	-	-	550,716	-	-	550,716
Restricted cash	-	-	466,295	-	-	466,295
Cash and bank balances	-	-	1,085,542	-	-	1,085,542
	228,517	27,265	2,459,786	407,916	18,625	3,142,109

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Bank loans	2,585,094
Creditors, accruals and deposits received	962,307
Current, fixed, savings and other deposits of customers	120,225
	3,667,626

Notes to the Financial Statements *(continued)*

42. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

Company At 31st March, 2013

Financial assets

	Loans and receivables HK\$'000	Available-for-sale financial assets HK\$'000	Total HK\$'000
Available-for-sale financial assets	–	1,200	1,200
Debtors and deposits	501	–	501
Cash and bank balances	136,565	–	136,565
	137,066	1,200	138,266

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Bank loans	435,000
Creditors, accruals and deposits received	1,308
	436,308

Notes to the Financial Statements *(continued)*

42. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

Company

At 31st December, 2011

Financial assets

	Financial assets at fair value through profit or loss held for trading HK\$'000	Loans and receivables HK\$'000	Available-for-sale financial assets HK\$'000	Total HK\$'000
Available-for-sale financial assets	–	–	1,200	1,200
Financial assets at fair value through profit or loss	29,658	–	–	29,658
Debtors and deposits	–	551	–	551
Cash and bank balances	–	111,119	–	111,119
	29,658	111,670	1,200	142,528

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Bank loans	480,000
Creditors, accruals and deposits received	3,648
	483,648

43. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Group

As at 31st March, 2013

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	155,950	–	–	155,950
Debt securities	69,627	–	–	69,627
Investment funds	–	3,604	17,230	20,834
Financial assets at fair value through profit or loss:				
Equity securities	329,631	–	–	329,631
Investment funds	–	372	29,543	29,915
Other financial assets:				
Derivative financial instruments	–	17,639	7,275	24,914
	555,208	21,615	54,048	630,871
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	(35,713)	–	(35,713)
Derivative financial instruments	–	(32,440)	–	(32,440)
	–	(68,153)	–	(68,153)

Notes to the Financial Statements *(continued)*

43. FAIR VALUE HIERARCHY *(continued)*

Group

As at 31st December, 2011

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	300,925	–	–	300,925
Debt securities	21,795	–	–	21,795
Investment funds	–	2,914	50,029	52,943
Financial assets at fair value through profit or loss:				
Equity securities	125,835	–	–	125,835
Investment funds	–	409	102,273	102,682
Other financial assets:				
Derivative financial instruments	–	–	18,625	18,625
	448,555	3,323	170,927	622,805

Group

The movements in fair value measurements in Level 3 during the period/year are as follows:

	Available- for-sale investment funds HK\$'000	Investment funds at fair value through profit or loss HK\$'000	Derivative financial instruments HK\$'000
Period ended 31st March, 2013			
At 1st January, 2012	50,029	102,273	18,625
Total gains/(losses) recognised in the income statement	–	4,614	(11,350)
Total gains recognised in other comprehensive income	2,591	–	–
Purchases	5,298	–	–
Disposals	(40,677)	(77,324)	–
Exchange adjustments	(11)	(20)	–
At 31st March, 2013	17,230	29,543	7,275

Notes to the Financial Statements *(continued)*

43. FAIR VALUE HIERARCHY *(continued)*

Group

The movements in fair value measurements in Level 3 during the period/year are as follows: *(continued)*

	Available- for-sale investment funds HK\$'000	Investment funds at fair value through profit or loss HK\$'000	Derivative financial instruments HK\$'000
Year ended 31st December, 2011			
At 1st January, 2011	59,306	107,225	23,198
Total losses recognised in the income statement	–	(1,266)	(4,573)
Total gains recognised in other comprehensive income	378	–	–
Purchases	38,506	–	–
Disposals	(48,148)	(3,664)	–
Exchange adjustments	(13)	(22)	–
At 31st December, 2011	50,029	102,273	18,625

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (year ended 31st December, 2011 — Nil).

Company

As at 31st March, 2013

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss: Equity securities	–	–	–	–

As at 31st December, 2011

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss: Equity securities	29,658	–	–	29,658

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (year ended 31st December, 2011 — Nil).

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operation and its sources of finance.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group and they are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the financial statements.

(a) Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from lending, treasury, investment and other activities undertaken by the Group.

The credit policies for banking and margin lending businesses set out in details the credit approval and monitoring mechanism, the loan classification criteria and provision policy. Credit approval is conducted in accordance with the credit policies, taking into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Day-to-day credit management is performed by management of individual business units.

The Group has established guidelines to ensure that all new debt investments are properly made, taking into account factors such as the credit rating requirements and the maximum exposure limit to a single corporate or issuer. All relevant departments within the Group are involved to ensure that appropriate processes, systems and controls are set in place before and after the investments are acquired.

The Group's exposure to credit risk arising from loans and advances and trade debtors at the end of the reporting period based on the information provided to key management is as follows:

	Group	
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
By geographical area:		
Hong Kong	123,618	137,334
Macau	248,278	155,707
Mainland China	881	1,490
Others	8,910	10,530
	381,687	305,061

The bank balances are deposited with creditworthy banks with no recent history of default.

Notes to the Financial Statements *(continued)*

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. 21 per cent. of the Group's debts would mature in less than one year as at 31st March, 2013 (31st December, 2011 — 11 per cent.) based on the carrying values of bank loans.

An analysis of the maturity profile of debt instruments, loans and receivables, non derivative financial liabilities and net-settled derivative financial liabilities of the Group analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

Group

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
At 31st March, 2013							
Assets							
Amount due from an associate	-	-	15,526	-	-	-	15,526
Amount due from a jointly controlled entity	-	-	-	-	-	3,981	3,981
Debt securities:							
Available-for-sale financial assets	-	-	-	34,322	24,307	22,571	81,200
Loans and advances	197,067	41,531	28,562	45,730	19,591	-	332,481
Debtors and deposits	33,793	24,011	1,793	-	-	62,189	121,786
Client trust bank balances	292,735	63,267	-	-	-	-	356,002
Restricted cash	1,072,212	15,151	-	-	-	-	1,087,363
Treasury bills	-	9,700	-	-	-	-	9,700
Cash and bank balances	562,436	1,481,759	83,314	-	-	-	2,127,509
	2,158,243	1,635,419	129,195	80,052	43,898	88,741	4,135,548
Liabilities							
Bank loans	9,163	535,919	72,501	2,357,590	-	-	2,975,173
Creditors, accruals and deposits received	378,673	147,100	6,494	-	-	426,166	958,433
Derivative financial instruments	-	326	977	1,953	-	-	3,256
Current, fixed, savings and other deposits of customers	103,335	142,586	20,865	-	-	-	266,786
Other financial liabilities	35,713	-	-	-	-	-	35,713
	526,884	825,931	100,837	2,359,543	-	426,166	4,239,361

Notes to the Financial Statements *(continued)*

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk *(continued)*

Group

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
At 31st December, 2011							
Assets							
Amount due from a jointly controlled entity	–	–	–	–	–	3,984	3,984
Debt securities:							
Held-to-maturity financial assets	–	–	–	–	27,265	–	27,265
Available-for-sale financial assets	–	–	–	–	3,407	30,051	33,458
Loans and advances	155,236	33,005	16,437	19,201	22,340	–	246,219
Debtors and deposits	53,643	11,236	1,241	–	–	40,910	107,030
Client trust bank balances	126,934	423,782	–	–	–	–	550,716
Restricted cash	465,964	331	–	–	–	–	466,295
Cash and bank balances	469,361	616,181	–	–	–	–	1,085,542
	1,271,138	1,084,535	17,678	19,201	53,012	74,945	2,520,509
Liabilities							
Bank loans	18,009	–	272,680	2,190,809	103,596	–	2,585,094
Creditors, accruals and deposits received	437,977	191,549	688	–	–	332,093	962,307
Current, fixed, savings and other deposits of customers	57,478	58,566	4,181	–	–	–	120,225
	513,464	250,115	277,549	2,190,809	103,596	332,093	3,667,626

The forward currency contracts require gross settlement with undiscounted contractual cash inflows of HK\$1,586,812,000 (31st December, 2011 — Nil) and undiscounted contractual cash outflows of HK\$1,601,033,000 (31st December, 2011 — Nil) for the year ending 31st March, 2016.

Notes to the Financial Statements *(continued)*

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk *(continued)*

An analysis of the maturity profile of assets and liabilities of the Company analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

Company

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	Undated HK\$'000	Total HK\$'000
At 31st March, 2013						
Assets						
Debt securities:						
Available-for-sale financial assets	-	-	-	-	1,200	1,200
Debtors and deposits	-	3	-	-	498	501
Cash and bank balances	78,354	58,211	-	-	-	136,565
	78,354	58,214	-	-	1,698	138,266
Liabilities						
Bank loans	-	225,000	25,000	185,000	-	435,000
Creditors, accruals and deposits received	-	226	-	-	1,082	1,308
	-	225,226	25,000	185,000	1,082	436,308
At 31st December, 2011						
Assets						
Debt securities:						
Available-for-sale financial assets	-	-	-	-	1,200	1,200
Debtors and deposits	-	-	-	-	551	551
Cash and bank balances	3,282	107,837	-	-	-	111,119
	3,282	107,837	-	-	1,751	112,870
Liabilities						
Bank loans	-	-	97,000	383,000	-	480,000
Creditors, accruals and deposits received	-	2,567	-	-	1,081	3,648
	-	2,567	97,000	383,000	1,081	483,648

Notes to the Financial Statements *(continued)*

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury, banking and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk at a cost-effective manner. The interest rate risk is managed and monitored regularly by senior management of the Group.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before tax and equity (through the impact on interest-bearing monetary assets and liabilities).

	Period ended 31st March, 2013			Year ended 31st December, 2011		
	Increase/ Decrease in basis points	Increase/ (Decrease) in profit before tax HK\$'000	Increase/ (Decrease) in equity HK\$'000	Increase/ Decrease in basis points	Increase/ (Decrease) in profit before tax HK\$'000	Increase/ (Decrease) in equity HK\$'000
Group						
Hong Kong dollar	+50	(7,755)	(7,755)	+50	(5,410)	(5,410)
United States dollar	+50	1,133	(516)	+50	683	(578)
Singapore dollar	+50	1,672	1,672	+50	559	559
Renminbi	+50	6,234	6,234	+50	(987)	(987)
Hong Kong dollar	-50	7,755	7,755	-50	5,410	5,410
United States dollar	-50	(1,133)	677	-50	(683)	730
Singapore dollar	-50	(1,672)	(1,672)	-50	(559)	(559)
Renminbi	-50	(6,229)	(6,229)	-50	987	987
Company						
Hong Kong dollar	+50	(1,851)	(1,851)	+50	(1,846)	(1,846)
United States dollar	+50	142	142	+50	1	1
Singapore dollar	+50	217	217	+50	1	1
Hong Kong dollar	-50	1,851	1,851	-50	1,846	1,846
United States dollar	-50	(142)	(142)	-50	(1)	(1)
Singapore dollar	-50	(217)	(217)	-50	(1)	(1)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its banking activities, foreign exchange dealings and other investment activities.

The Group monitors the relative foreign exchange positions of its assets and liabilities and allocates accordingly to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar, Singapore dollar and Renminbi exchange rates, with all other variables held constant, of the Group's and the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(Decrease) in profit before tax	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Group		
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	13,579	15,367
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	(13,579)	(15,367)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	9,384	2,793
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	(9,384)	(2,793)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011– 3 per cent.)	16,011	1,559
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	(16,011)	(1,559)
Company		
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	849	4
— weakened 3 per cent. (year ended 31st December, 2011– 3 per cent.)	(849)	(4)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	1,303	4
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	(1,303)	(4)

The Group has a banking subsidiary in Macau with certain monetary assets and liabilities denominated in Hong Kong dollar and United States dollar. The Directors consider that the foreign currency risk of this subsidiary is immaterial as no material fluctuation of exchange rates between Pataca and Hong Kong dollar and between Pataca and United States dollar is expected.

At the end of the reporting period, the cash and bank balances of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK\$419,105,000 (31st December, 2011 — HK\$146,165,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

Notes to the Financial Statements *(continued)*

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets classified as available-for-sale financial assets (Note 21) and financial assets at fair value through profit or loss (Note 26) as at 31st March, 2013. The Group's listed financial assets are mainly listed on the Hong Kong, Singapore, Australia and Indonesia stock exchanges and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day to the end of the reporting period, and their respective highest and lowest points during the period/year were as follows:

	31st March, 2013	High/Low Period ended 31 March, 2013	31st December, 2011	High/Low Year ended 31 December, 2011
Hong Kong — Hang Seng Index	22,300	23,822/18,185	18,434	24,420/16,250
Republic of Singapore — Straits Times Index	3,308	3,313/2,688	2,646	3,281/2,522
Australia — S&P/ASX200	4,966	5,147/3,985	4,057	4,971/3,863
Indonesia — Jakarta Composite Index	4,941	4,941/3,655	3,822	4,196/3,218

The Group uses Value at Risk (the "VaR") model to assess possible changes in the market value of the investment portfolios based on historical data from the past two years. The VaR model that the Group adopted is an estimate, using a confidence level of 95 per cent. of the potential loss that is not expected to be exceeded if the current market risk positions held unchanged for 10 days. The VaR figures are regularly reviewed by senior management of the Group to ensure the loss arising from the changes in the market value of the investment portfolios is capped within an acceptable range.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Equity price risk *(continued)*

The amounts of VaR for the investment portfolios of the Group stated at fair value are shown as follows:

	Carrying amount HK\$'000	VaR HK\$'000
31st March, 2013		
By geographical area:		
Hong Kong	126,343	13,248
Republic of Singapore	130,914	13,728
Australia	36,822	3,861
Indonesia	155,897	16,347
Global and other	58,077	6,090
31st December, 2011		
By geographical area:		
Hong Kong	26,396	1,657
Republic of Singapore	66,402	4,168
Australia	32,528	2,042
Indonesia	300,925	18,891
Global and other	174,759	10,971

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission (the "SFC") and are required to comply with certain minimum capital requirements according to the rules of the SFC. Management monitors, on a daily basis, these subsidiaries' liquid capital to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rule.

Notes to the Financial Statements *(continued)*

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(f) Capital management *(continued)*

Under the terms of Macau banking legislation, MCB is required to transfer to a legal reserve an amount equal to a minimum of 20 per cent. of its annual profit after tax until the amount of the reserve is equal to 50 per cent. of its issued and fully paid up share capital. Thereafter, transfers must continue at a minimum annual rate of 10 per cent. of its annual profit after tax until the reserve is equal to MCB's issued and fully paid up share capital. This reserve is only distributable in accordance with certain limited circumstances prescribed by statute. MCB monitors solvency ratio under the requirement of Autoridade Monetária de Macau, the Monetary Authority of Macau, and keeps the ratio at not less than 8 per cent. throughout the current period.

No changes were made in the objectives, policies or processes for managing capital during the period ended 31st March, 2013 and the year ended 31st December, 2011.

The Group monitors capital using a gearing ratio, which is calculated by dividing its total borrowings, net of non-controlling interests, by total shareholders' equity. Total borrowings include current and non-current bank loans. Total shareholders' equity represents equity attributable to equity holders of the Company.

	Group	
	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
Bank loans <i>(Note 28)</i>	2,945,937	2,585,094
Less: Non-controlling interests in bank loans	(830,447)	(761,091)
Bank loans, net of non-controlling interests	2,115,490	1,824,003
Equity attributable to equity holders of the Company	8,848,562	8,498,186
Gearing ratio	23.9 per cent.	21.5 per cent.

45. EVENTS AFTER THE REPORTING PERIOD

- (a) In June 2013, OUE, in which the Group has interests through LAAP, issued a circular to its shareholders stating that, amongst other things, OUE proposed to (i) dispose of its interest in the hotel known as Mandarin Orchard Singapore and the retail mall known as Mandarin Gallery, both are located in Singapore, to a proposed real estate investment trust to be known as OUE Hospitality Real Estate Investment Trust at a minimum consideration of S\$1,705 million, which will be paid in combination of cash and stapled securities in OUE Hospitality Trust (the "Disposal"); and (ii) subject to the completion of the Disposal, declare a special one-tier tax exempt dividend in favour of all shareholders of OUE. The Disposal was approved by the shareholders of OUE in June 2013. However, the completion of the Disposal is subject to the listing of, and commencement of trading of, the stapled securities in the OUE Hospitality Trust on the Singapore Exchange Securities Trading Limited.
- (b) In June 2013, Auric announced that a voluntary unconditional cash offer (the "Offer") by DMG & Partners Securities Pte Ltd for and on behalf of APG Strategic Investment Pte Ltd (the "Offeror"), an indirect wholly-owned subsidiary of Auric, will be made to acquire all the issued and paid up ordinary shares in the capital of Food Junction Holdings Limited ("Food Junction", a subsidiary of Auric), other than treasury shares and those already owned, controlled or agreed to be acquired by Auric and its subsidiaries (the "Offer Shares"), at the offer price of S\$0.255 in cash for each share. The Offer has not been closed as of the date of the approval of these financial statements. Assuming the Offeror receives, by the close of the Offer, valid acceptances for all the Offer Shares amounting to 47,073,505 shares in Food Junction, the maximum cash consideration payable under the Offer would amount to approximately S\$12 million.

The Company is the controlling shareholder of LCR which is indirectly interested in approximately 49.3 per cent. of the issued share capital of Auric. Auric has been regarded as a subsidiary of LCR with effect from 1st April, 2013 upon the adoption of HKFRS 10 as explained in Note 2.3 to the financial statements.

46. COMPARATIVE FIGURES

As explained in Note 2.2 to the financial statements, due to the adoption of revised HKFRSs and certain change of accounting policy during the current period, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current period's presentation and accounting treatment, and a third statement of financial position as at 1st January, 2011 has been presented.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27th June, 2013.

Particulars of Principal Subsidiaries

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31ST MARCH, 2013 ARE AS SET OUT BELOW.

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Acematic Limited	British Virgin Islands	US\$1	100	100	Investment holding
Lippo Finance Holdings Limited	British Virgin Islands	US\$50,000	100	100	Investment holding
Creaworld (Holdings) Company Limited	Hong Kong	HK\$2	–	100	Investment holding
福建華陽湄洲開發有限公司 (Fujian Creaworld Meizhou Development Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	HK\$85,865,037*	–	100	Property investment and property development
Hennessy Holdings Limited	British Virgin Islands	US\$1	–	100	Investment holding
Lippo Korea Holdings Pte. Limited**	Republic of Singapore	S\$2	–	100	Investment holding
Lippo Investments Management Limited	Hong Kong	HK\$41,300,000	–	100	Fund Management
Lippo Worldwide Investments Limited	British Virgin Islands	US\$1	–	100	Investment holding
Skyscraper Realty Limited	British Virgin Islands	US\$10	–	100	Investment holding
Lippo China Resources Limited (listed on The Stock Exchange of Hong Kong Limited)	Hong Kong	HK\$918,691,271.60	–	71.2	Investment holding
Admiralty Development Limited	Hong Kong	HK\$446,767,129	–	71.2	Property investment
Apex Tier Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Apexwin Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Ardent Properties Pty Limited**	Australia	A\$10	–	71.2	Property investment
Bestbeat Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Blueway Limited	Hong Kong	HK\$1	–	71.2	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#	Principal activities
Bondlink Investment Limited	Hong Kong	HK\$100 and HK\$2 non-voting deferred shares	– 71.2	Property investment
Broadwell Asia Limited	British Virgin Islands	US\$1	– 71.2	Property investment
Cajan Enterprises Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Capital Fusion Investments Limited	British Virgin Islands	US\$1	– 71.2	Financing
Caross Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Carvio Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Castar Assets Limited	British Virgin Islands	US\$1	– 71.2	Property investment
Celestial Fortune Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Chalton Assets Limited	British Virgin Islands	US\$1	– 71.2	Property investment
China Chance Investments Limited	Hong Kong	HK\$1	– 71.2	Investment holding
China Gold Pte. Ltd.**	Republic of Singapore	S\$1	– 71.2	Investment holding
China Pacific Electric Limited	British Virgin Islands	US\$100	– 71.2	Investment holding
Chung Po Investment and Development Company Limited	Hong Kong	HK\$1,000 and HK\$2,000,000 non-voting deferred shares	– 71.2	Investment holding
Citivist Asia Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Dragon Board Holdings Limited	British Virgin Islands	S\$1	– 71.2	Investment holding
Energetic Holdings Limited	British Virgin Islands	US\$1	– 71.2	Property investment
Ethnos Ltd.**	Israel	NIS100	– 71.2	Property holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Fortune Finance Investment Limited	British Virgin Islands	US\$1	–	71.2	Investment
Frontop Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited)** — wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	–	71.2	Property management
福建大地湄洲工業區開發有限公司 (Fujian Tati Meizhou Industrial Park Development Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	US\$5,000,000*	–	71.2	Property investment and property development
Gabarro Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Golden Platform Holdings Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Golden Rain Holdings Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Golden Super Holdings Limited	British Virgin Islands	US\$1	–	71.2	Investment
Goldmax Pacific Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Gothic Investments Limited	Samoa	US\$1	–	71.2	Property investment
Grand Vista Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Grandtop Pacific Limited	British Virgin Islands	US\$1	–	71.2	Investment
Green Assets Investments Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Greenfame Holdings Limited	British Virgin Islands	US\$1	–	71.2	Securities investment
HKCL Investments Pte Ltd**	Republic of Singapore	S\$2	–	71.2	Property development
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US\$1	–	71.2	Securities investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#	Principal activities
Istan Assets Limited	British Virgin Islands	US\$1	– 71.2	Property investment
Keytime Holdings Limited	British Virgin Islands	US\$1	– 71.2	Property investment
Kingz Ltd	British Virgin Islands	US\$1	– 71.2	Investment holding
LCR Ltd.	British Virgin Islands	US\$1	– 71.2	Intellectual property
LCR Management Limited	Hong Kong	HK\$1	– 71.2	Management services
Laurel Century Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Lippo Consortium Pte. Limited**	Republic of Singapore	S\$2	– 71.2	Property development
Lippo Energy Group Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Lippo Group International Pte. Limited**	Republic of Singapore	S\$2	– 71.2	Investment holding
力寶置業(江蘇)有限公司 (Lippo Realty (Jiangsu) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US\$30,000,000*	– 71.2	Property development
力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US\$23,750,000*	– 71.2	Property investment
力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US\$13,733,000*	– 71.2	Property development
Lippo Resources Investments Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Lippo Retail Holdings Limited	British Virgin Islands	US\$1	– 71.2	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Lippoland (Singapore) Pte. Ltd.**	Republic of Singapore	S\$2,000,000	–	71.2	Investment holding
Mantor Assets Limited	British Virgin Islands	US\$1	–	71.2	Property investment
Masstrong Limited	Hong Kong	HK\$1	–	71.2	Investment holding
Maxfit Holding Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Netscope Limited	British Virgin Islands	US\$1	–	71.2	Investment
PacNet Holdings Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
PacNet Capital (U.S.) Limited	United States of America	US\$0.281	–	71.2	Investment holding
Pantogon Holdings Pte Ltd**	Republic of Singapore	S\$1,000,000	–	71.2	Investment holding
Polarstar Capital Limited	British Virgin Islands	US\$1	–	71.2	Investment
Porbandar Limited	British Virgin Islands/ Hong Kong	US\$2	–	71.2	Property investment
莆田塔林基礎建設有限公司 (Putian Talin Infrastructure Company Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US\$300,000*	–	71.2	Property services
Queenz Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Radical Profits Limited	British Virgin Islands	US\$1	–	71.2	Property investment
Reiley Inc.	British Virgin Islands	US\$1	–	71.2	Investment holding
Rich Pride Holdings Limited	British Virgin Islands	US\$1	–	71.2	Investment holding
Sanfield Australia Pty Ltd**	Australia	A\$2	–	71.2	Investment holding
Star Trendy Limited	British Virgin Islands/ Hong Kong	US\$1	–	71.2	Property holding
Starrico Limited	British Virgin Islands	US\$1	–	71.2	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated) [#]	Principal activities
Starvex Limited	British Virgin Islands	US\$1	– 71.2	Investment
Super Assets Company Limited	Samoa	US\$1	– 71.2	Investment holding
Super Equity International Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Superform Investment Limited	Hong Kong	HK\$100 and HK\$2 non-voting deferred shares	– 71.2	Property investment
Tamsett Holdings Limited	British Virgin Islands	US\$1	– 71.2	Investment holding
Tecwell Limited	British Virgin Islands	US\$100	– 71.2	Investment holding
Topstar China Limited	Hong Kong	HK\$1	– 71.2	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US\$1	– 71.2	Property investment
Vitaland Limited	Hong Kong	HK\$1	– 71.2	Investment holding
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US\$1	– 71.2	Property investment
Win Joyce Limited	Hong Kong	HK\$2	– 71.2	Money lending and investment holding
Wollora Assets Limited	British Virgin Islands	US\$1	– 71.2	Property investment
World Grand Holding Limited	British Virgin Islands	US\$1	– 71.2	Investment
Writring Investments Limited	Hong Kong	HK\$2	– 71.2	Property investment
珠海力寶置業有限公司 (Zhuhai Lippo Realty Limited)** — wholly foreign-owned enterprise ^{##}	People's Republic of China	RMB225,000,000*	– 71.2	Property investment and property development
Lippo Select HK & Mainland Property ETF** (an exchange traded fund listed on The Stock Exchange of Hong Kong Limited)	Hong Kong	N/A	– 50.1 [@]	Investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#	Principal activities
Jeremiah Holdings Limited	British Virgin Islands	S\$1,298,645	– 42.7	Investment holding
Nine Heritage Pte Ltd**	Republic of Singapore	S\$1,000,000	– 34.2	Investment holding
Hongkong Chinese Limited <i>(listed on The Stock Exchange of Hong Kong Limited)</i>	Bermuda/Hong Kong	HK\$1,998,280,097	– 56.1	Investment holding
Allyield Limited	British Virgin Islands	US\$1	– 56.1	Investment holding
Capital Place International Limited**	British Virgin Islands/ Republic of the Philippines	US\$50,000	– 56.1	Property investment
成都力寶置業有限公司 (Chengdu Lippo Realty Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US\$3,000,000*	– 56.1	Property investment and management
Conrich Inc.	British Virgin Islands	US\$1	– 56.1	Investment holding
Cyberspot Limited	British Virgin Islands	US\$1	– 56.1	Investment holding
Cyfield Limited	British Virgin Islands	US\$1	– 56.1	Property investment
Dragonjoy Investment Limited	Hong Kong	HK\$10,000	– 56.1	Securities trading
Everwin Pacific Ltd.	British Virgin Islands	US\$1	– 56.1	Property investment
Fiatsco Limited	British Virgin Islands	US\$1	– 56.1	Investment holding
Firstclass Real Estate Development Limited	Macau	MOP25,000	– 56.1	Property development
HCL Management Limited	Hong Kong	HK\$1	– 56.1	Management services
HKC Property Investment Holdings Limited	British Virgin Islands	US\$1	– 56.1	Investment holding
HKC Realty LLC**	United States of America	US\$2,250,000*	– 56.1	Property investment
HKCL Investments Limited	British Virgin Islands	US\$1	– 56.1	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Hong Kong Housing Loan Limited	Hong Kong	HK\$40,000,000	–	56.1	Money lending
ImPac Asset Management (HK) Limited	Hong Kong	HK\$8,500,000	–	56.1	Investment advisory and asset management
ImPac Asset Management (Holdings) Ltd.	British Virgin Islands	US\$2,000,100	–	56.1	Investment holding
ImPac Fund Managers (BVI) Ltd.	British Virgin Islands	US\$13,000	–	56.1	Fund management
Lippo Asia Limited	Hong Kong	HK\$120,000,000	–	56.1	Investment holding
Lippo Asset Management (HK) Limited	Hong Kong	HK\$400,000	–	56.1	Fund management
Lippo Futures Limited	Hong Kong	US\$2,000,000	–	56.1	Commodities brokerage
Lippo General Partner Limited	Cayman Islands	US\$100	–	56.1	General partner of a limited partnership
Lippo Realty (Singapore) Pte. Limited**	Republic of Singapore	S\$2	–	56.1	Project management
Lippo (S) Pte. Ltd.**	Republic of Singapore	S\$2,000,000	–	56.1	Property investment
Lippo Securities Holdings Limited	Hong Kong	US\$23,000,000	–	56.1	Investment holding
Lippo Securities, Inc.**	Republic of the Philippines	Pesos 69,500,000	–	56.1	Investment holding
Lippo Securities Limited	Hong Kong	HK\$220,000,000	–	56.1	Securities brokerage
L.S. Finance Limited	Hong Kong	HK\$5,000,000	–	56.1	Money lending
Masta Limited	British Virgin Islands	US\$1	–	56.1	Investment holding
Masuda Limited	British Virgin Islands	US\$10,000	–	56.1	Investment holding
MGS Ltd.	British Virgin Islands	US\$1	–	56.1	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Norfolk International Limited	Hong Kong	HK\$25,000,000	–	56.1	Investment holding
Okio Ltd.	British Virgin Islands/ Hong Kong	US\$1	–	56.1	Investment holding
Pacific Bond Limited	British Virgin Islands	US\$1	–	56.1	Investment holding
Pacific Landmark Holdings Limited	British Virgin Islands	US\$1	–	56.1	Investment holding
Peakmillion Asia Limited	British Virgin Islands	US\$1	–	56.1	Investments
Rosery Inc.	British Virgin Islands	US\$1	–	56.1	Investment holding
Sinogain Asia Limited	British Virgin Islands	US\$1	–	56.1	Property investment
Sinorite Limited	British Virgin Islands/ Hong Kong	US\$1	–	56.1	Investments
Stargala Limited	British Virgin Islands	US\$1	–	56.1	Property investment
The Macau Chinese Bank Limited**	Macau	MOP260,000,000	–	56.1	Banking
Topbest Asia Inc.	British Virgin Islands/ Hong Kong	US\$1	–	56.1	Investments
Uchida Limited	British Virgin Islands	US\$1	–	56.1	Investment holding
Wealtop Limited	British Virgin Islands	US\$1	–	56.1	Investment holding
Winluck Asia Limited	British Virgin Islands	US\$1	–	56.1	Property investment
Winluck Pacific Limited	British Virgin Islands	US\$1	–	56.1	Property investment
Winrider Limited	British Virgin Islands	US\$1	–	56.1	Investment holding
Wonder Plan Holdings Limited	British Virgin Islands	US\$1	–	56.1	Investments
Yield Point Limited	British Virgin Islands	US\$1	–	56.1	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated) [#]	Principal activities
北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.) ^{**} — cooperative joint venture enterprise ^{##}	People's Republic of China	US\$36,000,000*	– 44.9	Property development
TechnoSolve Limited	Hong Kong	HK\$26,296,000	– 36.5	Development of computer hardware and software
科慧(珠海)軟件有限公司 ^{**} — wholly foreign-owned enterprise ^{##}	People's Republic of China	RMB800,000*	– 36.5	Development and sale of banking software and technical advisory
Kingtek Limited	British Virgin Islands	US\$100	– 33.7	Investment holding

[#] based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

[@] based on the interest attributable to the Group after non-controlling interests therein

^{##} type of legal entity

* paid up registered capital

** audited by certified public accountants other than Ernst & Young, Hong Kong

Note:

A\$ — Australian dollars

MOP — Macau patacas

NIS — New Israeli shekels

Pesos — Philippines pesos

RMB — People's Republic of China renminbi

S\$ — Singapore dollars

US\$ — United States dollars

As at 31st March, 2013, all the subsidiaries of the Company had no loan capital or convertible loan capital.

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

In December 2012, the Directors of the Company resolved to change the financial year end date of the Company from 31st December to 31st March. However, in order to comply with the relevant local statutory and/or regulatory requirements, the financial year end date of certain subsidiaries of the Company remained on 31st December which did not coincide with the financial year end date of the Company. The Company consolidated the results, assets and liabilities of such subsidiaries made up to the financial year end date of the Company.

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31ST MARCH, 2013 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group [#]	Principal activities
Standard Pacific Limited	Corporate	Hong Kong	HK\$4,290,000	50	Investment holding
MIDAN City Development Co., Ltd.	Corporate	Republic of Korea	KRW89,266,285,000	38.5	Property development
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK\$2	35.6	Property management services
Asia Now Resources Corp. <i>(listed on TSX Venture Exchange of Canada)</i>	Corporate	Canada	C\$30,369,153	35.5	Exploration of mineral resources
Maxipo International Limited	Corporate	Hong Kong	HK\$51,874,833	34.8	Trading and investment holding
Medco Holdings, Inc. <i>(listed on The Philippine Stock Exchange, Inc.)</i>	Corporate	Republic of the Philippines	Pesos 700,000,000	32.8	Investment holding
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,250,000*	28.5	Water supply
DXS Capital Limited	Corporate	British Virgin Islands	US\$100	28.5	Investment holding
Auric Pacific Group Limited <i>(listed on Singapore Exchange Securities Trading Limited)</i>	Corporate	Republic of Singapore	S\$64,460,182	28.1	Investment holding
Greenix Limited	Corporate	British Virgin Islands	US\$100,000	28.1	Investment holding
Lippo Marina Collection Pte. Ltd.	Corporate	Republic of Singapore	S\$1,000,000	28.1	Property development
Lippo ASM Investment Management Limited	Corporate	Cayman Islands	US\$100	27.5	Investment management
Catalyst Enterprises Limited	Corporate	British Virgin Islands	US\$50,000	24.9	Investment holding
GoTwo Power Inc.	Corporate	United States of America	US\$1,950,000	23.9	Clean energy investment

Particulars of Principal Associates *(continued)*

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group [#]	Principal activities
Goldfix Pacific Ltd.	Corporate	British Virgin Islands	US\$15,036.58	22.4	Investment holding
Food Junction Holdings Limited <i>(listed on Singapore Exchange Securities Trading Limited)</i>	Corporate	Republic of Singapore	S\$12,707,436	17.2	Investment holding
Proton Power Inc.	Corporate	United States of America	US\$20,931,504	14.1	Green energy production
Lippo ASM Asia Property LP**	Limited partnership	Cayman Islands	N/A	N/A	Investment in real estate and hospitality service businesses

[#] based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

* paid up registered capital

** Lippo ASM Asia Property LP is a limited partnership of which a wholly-owned subsidiary of Hongkong Chinese Limited, an indirect subsidiary of the Company, is the limited partner

Note:

C\$ — Canadian dollars

KRW — Korean won

Pesos — Philippines pesos

RMB — People's Republic of China renminbi

S\$ — Singapore dollars

US\$ — United States dollars

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Jointly Controlled Entities

PARTICULARS OF PRINCIPAL JOINTLY CONTROLLED ENTITIES AS AT 31ST MARCH, 2013 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Approximate percentage of equity attributable to the Group (unless otherwise stated) [#]	Principal activities
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S\$2	35.6	Property investment and property development
Lippo Real Estate Pte. Limited	Corporate	Republic of Singapore	S\$1,000,000	28.1	Property development
Sunning Asia Limited	Corporate	British Virgin Islands	US\$50,000	28.1	Investment holding
Yamoo Bay Project Limited	Corporate	British Virgin Islands	US\$2	28.1	Investment holding
LOCZ Korea Corporation	Corporate	Republic of Korea	KRW5,312,460,000	20*	Development of integrated resort
Wealthy Place Limited	Corporate	British Virgin Islands	US\$2	16.8	Investment holding
Lippo Project Pte. Limited	Corporate	Republic of Singapore	S\$2	16.8	Property development

[#] based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

* based on the actual interest attributable to the Group

Note:

KRW — Korean won

S\$ — Singapore dollars

US\$ — United States dollars

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2013

Description	Use	Approximate gross floor area <i>(square metres)</i>	Status	Approximate percentage of Group's interest
Hong Kong				
Lippo Centre 89 Queensway Central Inland Lot No. 8615*	Commercial	Office: 3,458 Retail: 1,935 (net floor area)	Rental	71.2
* The above property comprises various shop units on the podium floors and certain office floors.				
<i>The above property is held under long term lease.</i>				
People's Republic of China				
Lippo Plaza (excluding Unit 2 on Basement 1, 12th, 13th, 15th and 16th Floors and 4 car parking spaces) 222 Huaihai Zhong Road Shanghai Lot No. 141	Commercial	Office: 38,666 Retail: 9,217	Rental	71.2
Lippo CTS Plaza 4 Shuiwan Road Gongbei, Zhuhai Guangdong	Commercial Multi-use/Hotel	28,698 58,044	Rental To be developed	71.2
19th Floor to 29th Floor and 13 car parking spaces of Lippo Tianma Plaza 1 Wuyibei Road Fuzhou, Fujian	Commercial	11,955	Rental	71.2
5 floors of Unit 1 Building 1 Lippo Tower 62 North Kehua Road Wuhou District Chengdu	Commercial	5,421	Rental	56.1

The above properties are held under medium term leases.

Schedule of Major Properties *(continued)*

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2013 *(continued)*

Description	Use	Approximate gross floor area <i>(square metres)</i>	Status	Approximate percentage of Group's interest
People's Republic of China <i>(continued)</i>				
2nd to 6th Floors The Macau Chinese Bank Building Avenida da Praia Grande No. 101 Macau	Commercial	2,590	Rental	56.1
<i>The above property is held as propriedade privada.</i>				
Overseas				
31st Floor Rufino Pacific Tower Ayala Avenue Corner Herrera Street, Makati Metropolitan Manila Republic of the Philippines	Commercial	885	Rental	56.1
522 S. Sepulveda Boulevard Los Angeles, CA 90049 United States of America	Commercial	925	Rental	56.1
<i>The above properties are freehold.</i>				
Apartment No. 2 Blumenthalstrasse 22 69120 Heidelberg Germany	Residential	153 <i>(net floor area)</i>	Rental	56.1

The above property is held under long term leases.

Schedule of Major Properties *(continued)*

(2) PROPERTIES HELD FOR SALE AS AT 31ST MARCH, 2013

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest
<i>(square metres)</i>				
Overseas				
Unit #03-03 The Residences Katana 20 Jalan Madge 55000 Kuala Lumpur Malaysia	Residential	N/A	360	71.2
2 units at Rosehill 8-16 Virginia Street New South Wales Australia	Residential	N/A	346	71.2
854 West Adams Boulevard Los Angeles CA 90007 United States of America	Residential	1,142	723	56.1

Schedule of Major Properties *(continued)*

(3) PROPERTIES HELD FOR DEVELOPMENT AS AT 31ST MARCH, 2013

Description	Use	Approximate site area <i>(square metres)</i>	Approximate gross floor area <i>(square metres)</i>	Approximate percentage of Group's interest	Estimated completion date	Stage of development as at 31st March, 2013
People's Republic of China						
Meizhou Island Putian Fujian	Tourism/ Commercial	1,207,700	26,848	100	N/A	Phase I substantially completed
West of Xiangyu Avenue Qinghe District Huai An Jiangsu Province Land Lot No. 2010G120H41	Multi-use	41,087	245,391	71.2	2016	In planning stage
East of Taizhou Avenue and north of Yaocheng Avenue China Medical City (中國醫藥城) Taizhou Jiangsu Province Land Lot No. 【2011】 7-1	Residential	80,615	217,146	71.2	2015/2016	In planning stage
Tati City Shanting Township Putian, Fujian	Multi-use	1,292,467	150,963	71.2	N/A	Phase I completed
83 Estrada de Cacilhas Macau	Residential	3,398	26,025 <i>(total saleable area)</i>	56.1	2014	Foundation works substantially completed
No. 8 Ronghua Middle Road Yizhuang Beijing Economic- Technological Development Area (北京經濟技術開發區) Beijing Land Lot No. 4C1	Multi-use	51,209	275,000	44.9	2013	Interior finishing works and external works in progress
Overseas						
3 pieces of land at Minakami Heights Golf Residence Gumma Japan	Residential	12,484	N/A	56.1	N/A	Vacant land

Schedule of Major Properties *(continued)*

(4) PROPERTIES HELD AS FIXED ASSETS AS AT 31ST MARCH, 2013

Description	Use	Approximate gross floor area <i>(square metres)</i>	Approximate percentage of Group's interest
Hong Kong			
Certain office floors of Tower One Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	1,760	71.2
2nd Floor of Sun Court 3 Belcher's Street Kennedy Town Subsection 1 of Section C of Marine Lot No. 262, the remaining portion of Section C of Marine Lot No. 262 and the remaining portion of Marine Lot No. 262	Commercial	743	71.2
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	71.2

The above properties are held under long term leases.

People's Republic of China

Basement, Ground Floor and 1st Floor The Macau Chinese Bank Building Avenida da Praia Grande No. 101 Macau	Commercial	1,558	56.1
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The above property is held as propriedade privada.

Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

	Fifteen-month ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)	Year ended 31st December, 2010 HK\$'000 (Restated)	Year ended 31st December, 2009 HK\$'000 (Restated)	Year ended 31st December, 2008 HK\$'000 (Restated)
Profit/(Loss) attributable to equity holders of the Company	(10,002)	698,327	1,932,124	4,632	(355,915)
Total assets	22,767,561	19,413,227	17,088,845	12,190,370	12,727,589
Total liabilities	(7,815,029)	(4,986,843)	(3,814,997)	(3,818,050)	(4,308,130)
Net assets	14,952,532	14,426,384	13,273,848	8,372,320	8,419,459
Non-controlling interests	(6,103,970)	(5,928,198)	(5,491,460)	(3,461,023)	(3,524,298)
Equity attributable to equity holders of the Company	8,848,562	8,498,186	7,782,388	4,911,297	4,895,161



Lippo Limited
力寶有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 226)